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**Board of Directors (as on July 21, 2017):**

1. Mr. Ashok Sinha - Chairman, Public Interest Director
2. Mr. Ajit Kumar Mittal - Shareholder Director
3. Mrs. D. Vijayalakshmi - Public Interest Director
4. Mr. Lav Chaturvedi - Shareholder Director
5. Mr. P. S. Gahlaut - Shareholder Director
6. Mr. R. K. Nair - Public Interest Director
7. Mr. V. K. Sharma - Public Interest Director
8. Mr. Sanjit Prasad - Managing Director & CEO

**Chief Financial Officer** - Mr. Ghanashyam Rao

**Company Secretary** - Mr. Ameya Paranjape

**Statutory Auditors** - M/s. S M M P & Associates

**Internal Auditors** - M/s. N. D. Kapur & Co.

**Bankers (including active clearing banks) :**

HDFC Bank Limited

Yes Bank Limited

**Registered office:\***

Office No.109, 1<sup>st</sup> Floor,  
Nodh No. 1158 to 63/65/9, Hat Faliyu,  
Mahidharpura, Surat, Gujarat - 395003.  
Email: [icexsecretarial@icexindia.com](mailto:icexsecretarial@icexindia.com)  
Website: [www.icexindia.com](http://www.icexindia.com)  
Phone: 0261 - 3009960  
CIN: U67120DL2008PLC182140

\* Registered office has been shifted from Dev House, 260-261, Tribhuwan Complex, Ishwar Nagar, New Friends Colony (W), New Delhi - 110065, vide order of the Regional Director dated August 11, 2017.

**Corporate Office:-**

Reliable Tech Park, 403-A, B-Wing,  
4th Floor, Thane - Belapur Road,  
Airoli, Navi Mumbai - 400708.  
Email: [icexsecretarial@icexindia.com](mailto:icexsecretarial@icexindia.com)  
Website: [www.icexindia.com](http://www.icexindia.com)  
Phone: 022 - 40381500/1300  
Fax: 022 - 40381511

**Registrar and Share Transfer Agent:**

Karvy Computershare Private Limited  
Karvy Selenium, Tower B, Plot Nos. 31 & 32,  
Gachibowli, Financial District, Nanakramguda,  
Serilingampally, Hyderabad 500 032  
Telangana, India  
Tel: +91 40 3321 1500  
Fax: +91 40 2300 1153  
Toll Free No.: 1800 345 4001  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## DIRECTOR'S REPORT

To,  
The Members of Indian Commodity Exchange Limited,

Your Directors have pleasure in presenting the 9th Annual Report of the Exchange together with the audited accounts for the financial year ended March 31, 2017.

### **FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY:**

The financial results for the year ended March 31, 2017 and the corresponding figures for the last year are as under:-

(Amt. in Crores)		
<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Profit/(Loss) Before Depreciation & Tax	(14.31)	(6.94)
Less: Depreciation / Amortization	0.55	0.52
Profit/(Loss)After Depreciation & Before Tax	(14.86)	(7.46)
Less: Provision for Deferred Tax (Exp.) / Credit	-	-
Profit / (Loss) after Tax	(14.86)	(7.46)
Provision for Tax	-	-
Profit / (Loss) for the year (A)	(14.86)	(7.46)
Balance of Loss brought forward (B)	(96.19)	(100.98)
Add / Less : Contribution / Withdrawal from Settlement Guarantee Fund (C)	(10.00)	12.25
Balance of Loss Carried Forward to Balance Sheet (A+B+C)	(121.05)	(96.19)

### **REVIEW OF EXCHANGE PERFORMANCE, OPERATIONS AND OVERVIEW:**

SEBI vide its letter dated July 7, 2017 has granted approval to Exchange for re-commencement of the trading operations. The Exchange has successfully complied with all SEBI mandated norms-prescribed for the commodity exchanges, and implemented world-class technology and risk management systems.

To revive the Exchange, new management team had been appointed. Setting up of an exchange requires a well experienced management team with domain knowledge, establishment of infrastructure and technology setup, right product mix with liquidity, enrollment of members to serve actual users and necessary exchange compliance and risk management. The Exchange has successfully built the core team and has also been able to attract human resource with deep domain knowledge and experience in Exchange industry to further strengthen the departments. Technology plays the key role in Exchange business. Exchange has tied up with leading technology provider Millennium IT (MIT) for exchange software. MIT is a part of London Stock Exchange Group.

The Exchange has also received approval from SEBI for its Diamond, Light Sweet Crude Oil (WTI) & Brent Crude Oil contracts. The Exchange has all necessary infrastructures to handle deposits, grading and sealing, vaulting and deliveries of diamonds as part of its preparation to launch the diamond contracts.

During the year under review, the Company did not have any trading operations as the trading operations of the Exchange were suspended temporarily with effect from April 1, 2014. The Exchange had incurred a loss of ₹ 14.86 crores in FY 2016-17 compared to previous year loss of ₹ 7.46 crores. The net-worth as on March 31, 2017 was ₹ 124.30 crores (inclusive of SGF) and the company has complied with the SEBI net-worth requirement of ₹ 100 crores.

#### **DIVIDEND AND RESERVES:**

In the absence of profits, the Directors do not recommend any dividend on the equity shares of the Company and no amounts are available for carrying to General Reserve.

#### **SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY:**

The Company does not have Subsidiary/ Joint Venture/ Associate Companies. Therefore details of the same are not furnished.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

During the year under review, your Company has not entered into any Related Party Transactions under section 188 (1) of the Companies Act, 2013 and the same is reported in form AOC -2 and annexed as Annexure I.

#### **INTERNAL FINANCIAL CONTROLS:**

The Company has internal financial controls which are adequate and were operating effectively. The controls are adequate for ensuring the orderly & efficient conduct of the business, including adherence to the Company's policies, the safe guarding of assets, the prevention & detection of frauds & errors, the accuracy & completeness of accounting records and timely preparation of reliable financial information.

#### **PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:**

During the year under review, your Company has not given any loan or guarantees as per section 186 of the Companies Act, 2013. Further your Exchange has not made any Investments as per section 186 of the Companies Act, 2013.

#### **DEPOSITS:**

The Company does not have deposits as contemplated under chapter V of the Companies Act, 2013. Further, the Company has not invited or accepted any deposits during the year ended March 31, 2017.

## **DIRECTORS:**

Your Board currently comprises of eight (8) Directors which includes four (4) Public Interest Directors, three (3) Shareholder Directors and one (1) Managing Director and Chief Executive Officer. The Board at its meeting held on August 31, 2016 based on the recommendation of Selection Committee and the Nomination and Remuneration Committee had appointed Mr. Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange with effect from September 1, 2016 subject to approval of shareholders. SEBI vide its letter dated August 29, 2016 had approved the appointment of Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange. The shareholders at their meeting held on September 26, 2016 had approved the appointment of Mr. Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange.

“Public Interest Director” under the SECC Regulations means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the SEBI, is in conflict with his role and accordingly, such directors are considered as Independent Directors for adhering compliance with the provisions under the SEBI Listing Regulations, 2015 and Companies Act, 2013.

Further, during the year under review, the Exchange had received a letter dated December 9, 2016 from MMTC Limited nominating Mr. Ashwani Sondhi, Director (Marketing) of MMTC Limited as shareholder director in place of Mr. Anand Trivedi on the Board of the Indian Commodity Exchange Limited w.e.f. December 7, 2016. Accordingly Mr. Anand Trivedi ceased to be the Director of the Exchange w.e.f. December 7, 2016. The Board had not yet appointed Mr. Ashwani Sondhi as shareholder director and has requested MMTC Limited to comply with Regulation 23(7) of the SECC Regulations, 2012 in order to appoint the shareholder director on the Board of the Exchange.

Mr. P. S. Gahlaut, Shareholder Director retires by rotation and being eligible, offers himself for re-appointment at the 9<sup>th</sup> Annual General Meeting of the Exchange scheduled to be held on September 28, 2017. His brief profile is given in the Exhibit to the Notice of the ensuing Annual General Meeting of the Company.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013. The Company has received declarations from all Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, all Directors have confirmed that they are ‘Fit and Proper’ persons in terms of the SECC Regulations.

Details of Board Committees along with their terms of reference, composition and meetings held during the year, are provided in Corporate Governance Report which forms part of the Annual Report.

## **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Board met seven (7) times during the financial year i.e. on April 8, 2016, April 21, 2016, July 23, 2016, August 31, 2016, October 1, 2016, October 22, 2016 and January 21, 2017.

## **KEY MANAGERIAL PERSONNEL (KMP):**

The following are designated as the Key Managerial Personnel of the Exchange pursuant to sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on March 31, 2017:

- (a) Mr. Sanjit Prasad – Managing Director and Chief Executive Officer
- (b) Mr. Ghanashyam V. Rao - Chief Financial Officer
- (c) Mr. Ameya Paranjape – Company Secretary

The Board at its meeting held on July 23, 2016 had appointed Mr. Ameya Paranjape as Company Secretary of the Company with effect from same date in place of Mr. Ranjit Kumar Samantaray. Mr. Ranjit Kumar Samantaray was Company Secretary of the Exchange from December 23, 2015 till July 23, 2016. Further the Board has appointed Mr. Sanjit Prasad as Managing Director & CEO with effect from September 1, 2016. The shareholders at their meeting held on September 26, 2016 had pursuant to the provisions of Sections 152, 161 and all other applicable provisions of the Companies Act, 2013 (the Act), Companies (Appointment and Qualification of Directors) Rules, 2014 and the regulations/norms/guidelines, etc. as prescribed/notified in this regard by the Securities and Exchange Board of India (SEBI), from time to time and the provisions of the Articles of Association of the Company, approved the appointment of Mr. Sanjit Prasad as Managing Director and Chief Executive Officer of the Exchange.

The Company does not have any Employees' Stock Option Scheme.

## **AUDIT COMMITTEE:**

The Audit Committee comprises of four (4) Directors viz. Mr. V K Sharma (Chairman of the Committee), Mr. Ashok Sinha, Mr. R K Nair and Mr. Lav Chaturvedi

All the recommendations of the Audit Committee were accepted by the Board.

## **FAMILIRISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The independent directors are familiarised with the Company, through various programmes. These include orientation programme upon induction of new directors, strategic presentations made to the Board where directors get an opportunity to interact with the senior management and also other initiatives to update directors on continuing basis. Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function duties and responsibilities. The format of the letter of appointment is available on our website at <http://www.icexindia.com/static/disclosures.aspx>. The Familiarisation programme for Independent Directors is disclosed on the Company's website at the following web link: <http://www.icexindia.com/static/disclosures.aspx>

## **PARTICULARS OF EMPLOYEES:**

The Company had no employees during the year covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. However compensation given to key management personnel is disclosed in Annexure II in accordance with Regulation 27(5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

## **DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013:**

The Company has in place a 'Sexual Harassment of Employees' Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

The Company has in place the policy on appointment and remuneration for Directors including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and senior management employees pursuant to the provisions of the Companies Act and Regulation 19 of SEBI Listing Regulations, and the same is annexed as Annexure III.

## **CORPORATE SOCIAL RESPONSIBILITY:**

Since the net-worth of the Exchange is not ₹ 500 crores or more or turnover is not ₹ 1000 crores or more or net profit is not ₹ 5 crores or more during preceding three financial years, provisions of section 135 of the Companies Act, 2013 with respect to constitution of Corporate Social Responsibility Committee are not applicable to the Exchange.

## **BOARD EVALUATION:**

In view of the provisions of the Companies Act and Listing Regulations, the Board on recommendation of the Nomination & Remuneration Committee has approved the methodology and criteria to evaluate the performance of the Directors, Board and its committees. On the basis of the methodology and criteria the annual performance evaluation of the Directors, Board and its Committees has been carried out by the Board. The Nomination and Remuneration Committee has also reviewed the performance of Individual Directors. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

## **RISK MANAGEMENT:**

The Company has a well-defined risk management framework in place. Your Company has constituted a Risk Management Committee of the Board which is authorised to monitor and review risk management plan and risk certificate. The Committee is also empowered, inter alia, to review and recommend to the Board the modifications to the Risk Management Policy.

## **VIGIL MECHANISM:**

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of your Company is available on the Company's website and can be accessed at the Web-link: <http://www.icexindia.com/static/disclosures.aspx>

Further details are available in the Report on Corporate Governance that forms part of this Annual Report.

### **REGULATORY UPDATES:**

The Central Government in consultation with the Securities and Exchange Board of India and in exercise of the powers conferred by section 2 (bc) of the Securities Contracts (Regulation) Act, 1956, by its notification dated September 27, 2016 in the Official Gazette of India have notified "Diamond" as Goods to be traded on Exchanges as commodity. SEBI vide its circular dated September 28, 2016 notified six new products to the list of commodities on which derivative contracts can be launched and traded. The new items are diamond, tea, eggs, cocoa, pig iron and brass.

Pursuant to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2017 effective from January 12, 2017, SEBI permitted foreign entities like stock exchange, depository, banking and insurance company and commodity derivatives exchange to acquire or hold upto 15% of the paid up capital of a recognized stock exchange.

SEBI vide its circular dated June 21, 2017, permitted Category III Alternative Investment Funds (AIFs) to trade in commodity derivatives.

Further SEBI vide its circular dated June 13, 2017 permitted to introduce trading in options. Options can be launched on futures contract of only those commodities that are among the top five in terms of total trading turnover value of previous twelve months and having the average daily turnover of underlying futures contracts of such commodity during the previous twelve months of at least ₹ 200 crore for agricultural and agri-processed commodities, and ₹ 1,000 crore for other commodities. SEBI has also stipulated necessary guidelines with regard to the product design and risk management framework to be adopted for trading in options on commodity future.

### **AMALGAMATION AND MERGER:**

The Board at its meeting held on June 30, 2017 had approved the Scheme of Amalgamation of National Multi-Commodity Exchange of India Limited ("NMCE" or "the Transferor Company") with Indian Commodity Exchange Limited ("ICEX" or "the Transferee Company") and their respective shareholders, subject to approval of shareholders and creditors and sanction of the National Company Law Tribunal ('NCLT').

### **CORPORATE GOVERNANCE:**

Pursuant to the Securities Contracts (Regulation) (Stock Exchanges & Clearing Corporations) Regulations, 2012 ("SECC Regulations 2012"), corporate governance norms as specified for listed companies mutatis mutandis applies to a recognized Stock Exchange. In accordance with good corporate governance practices and in order to comply with the SECC Regulations 2012, a report on Corporate Governance covering amongst others, composition, details of meetings of the Board and Committees as at March 31, 2017 forms part of the Annual Report. A Certificate from a Practicing Company Secretary, Mumbai confirming status of compliances of the conditions of Corporate Governance forms part of this Annual Report.

## **AUDITORS & AUDITORS REPORT:**

### **STATUTORY AUDIT REPORT:**

Messrs. S M M P & Associates (Firm Registration No. 120438W), Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on September 26, 2016 for a term of two years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by members at every Annual General Meeting.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs. S M M P & Associates, Chartered Accountants, to their appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors as aforesaid and fix their remuneration.

The Auditors of the Company have submitted Auditors Report on the accounts of the Company for the accounting year ended March 31, 2017. The Notes to the Accounts referred to in the Auditors Report are self-explanatory. The Auditors Report does not contain any qualification, reservation or adverse remark.

### **SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs. G. S. Shetty & Associates, Practising Company Secretary (Certificate of Practice Number:7729) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure IV to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **REPORTING OF FRAUDS BY AUDITORS:**

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

### **SHARE CAPITAL:**

During the year, the Authorised Share Capital of the Exchange was rose from ₹ 125,00,00,000/- (Rupees One Hundred Twenty Five Crore) divided into 25,00,00,000/- (Twenty Five Crore) equity shares of ₹ 5/- each to ₹ 175,00,00,000/- ( Rupees One Hundred Seventy Five Crore) divided into 35,00,00,000 (Thirty Five Crore) equity shares of ₹ 5/- each .

The issued, subscribed and paid-up Share Capital of the Exchange rose from ₹ 100,00,00,000 (Rupees Hundred Crore) divided into 20,00,00,000 (Twenty Crore) equity shares of ₹ 5/- each to 167,50,00,000/- (Rupees One Hundred Sixty Seven Crore Fifty Lakh) divided into 33,50,00,000/- (Thirty Three Crore Fifty Lakh) equity shares of ₹ 5/-each fully paid up. The increase is on

account of allotment of 5,00,00,000 (Five Crore) equity shares of ₹ 5 each/- at premium of ₹ 5/- each and 8,50,00,000 (Eight Crore Fifty Lakh) equity shares of ₹ 5 each/- at premium of ₹ 5/- each pursuant to offer of equity shares on rights basis respectively.

#### **SHIFTING OF REGISTERED OFFICE OF THE COMPANY:**

The shareholders of the Company at the Extra-ordinary General Meeting held on June 23, 2017 have approved shifting of registered office of the Company from National Capital Territory of New Delhi (i.e. from the jurisdiction of Registrar of Companies, Delhi & Haryana) to the State of Gujarat (i.e. to the jurisdiction of Registrar of Companies, Ahmedabad), subject to approval of Regional Director, Northern Region (New Delhi). The Company has filed petition with Regional Director Northern Region (New Delhi) for its approval.

#### **EXTRACT OF THE ANNUAL RETURN:**

An extract of Annual Return of your Company pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014 in Form MGT-9 is attached as Annexure V to this Report.

#### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION, RULES AND BYE LAWS OF THE EXCHANGE:**

At the 8<sup>th</sup> Annual General Meeting held on September 26, 2016, based on the approval of the Members, the Company adopted new Articles of Association which had been streamlined and aligned with the Companies Act, 2013 and Rules made thereunder.

During the year, the Exchange has made amendments to its rules and bye-laws in compliance of SEBI Circulars and in pursuance of merger of Forward Market Commission (FMC) with SEBI. The amendments were approved by SEBI on January 24, 2017 and were published in the Gazette of Maharashtra dated February 9-15, 2017 and in the Gazette of India on March 4, 2017.

#### **MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE EXCHANGE:**

There have been no material changes and commitments affecting the financial position of the Exchange which have occurred between the end of the financial year to which the financial statements relate and to the date of the report.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

The Company is not under the list of specified industries, however required conservation measures are taken to the extent possible. Exchange continuously strives to optimize its energy usage and efficiency. Following are some of the initiatives taken by the Exchange:

1. Using LED lights in place of CFL (compact fluorescent lamp) & Pear lights.
2. Installation of HVAC (Air conditioning) Central Controller system for scheduling the use of Air Conditioners which effects in reduction of consumption of energy.
3. Using only required lights and switching off electrical devices like lights, computer monitors etc. when not in use.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Exchange has a gain of ₹ 51,074/- on account of Foreign Exchange fluctuation. There has been foreign exchange out go of ₹ 2,61,74,821/- on account of Information Technology support expenses and Foreign Travel.

#### **CHANGE IN THE NATURE OF BUSINESS:**

There was no change in the nature of the business of the Company done during the year.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

As required under in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:-

1. In the preparation of the annual accounts for the Financial Year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Exchange at the end of the financial year March 31, 2017 and of the profit of the Exchange for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Exchange and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis; and
5. The Directors have laid down internal financial controls to be followed by the Exchange and that such internal financial controls are adequate and are operating effectively.
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENT:**

The Directors would like to place on record their gratitude for the valuable guidance and support received from the Government of India, particularly Ministry of Finance and Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India, NSDL, technology partners and all other business associates of the Company. The Directors also wish to convey their appreciation to the Company's employees for their enormous efforts as well as their collective contribution towards the revival of the Exchange.

**For and on behalf of  
Indian Commodity Exchange Limited**

**Sd/-  
Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : July 21, 2017**

## ANNEXURE I

### FORM NO. AOC -2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

#### **1. Details of contracts or arrangements or transactions not at Arm's length basis.**

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	<b>Not Applicable</b>
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

**2. Details of contracts or arrangements or transactions at Arm's length basis.**

<b>SL. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	<b>Not Applicable</b>
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/ arrangements/ transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

**For and on behalf of  
Indian Commodity Exchange Limited**

**Sd/-  
Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : July 21, 2017**

## ANNEXURE II

### Statement pursuant to regulation 27(5) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

Sr. No	Name & Qualification	Age (Yrs)	Designation/ Nature of Duties	Remuneration (₹)	Experience in years	Date of Joining	Previous Employment
1	Mr. Sanjit Prasad B.A Economics (Hons), PGDRM	46	Managing Director & CEO	5,833,333	21	01.09.2016	Metropolitan Stock Exchange of India Limited
2	Mr. Ranjit Samantaray*# B.Com (Hons), LLB, ACS & CFC (Canada)	53	Chief Regulatory Officer	29,62,484	26	16.10. 2015	Universal Commodity Exchange Limited
3	Mr. Ghanashyam V. Rao*# B.Com, DMS, MBA (Finance)	49	Chief Financial Officer	30,24,554	29	3.11.2015	Metropolitan Stock Exchange of India Limited
4	Mr. Sushil Limbulkar# BE , MBA	44	Chief Technology Officer	27,76,843	22	4.12.2015	Metropolitan Stock Exchange of India Limited
5	Mr. Pradeep Mishra# M.Sc. (Ag. Eco) & PGPABM	42	Deputy Vice President -Investors Protection, Grievance, Services and Arbitration	13,80,832	15	18.02.2016	Price Waterhouse Cooper Pvt. Ltd.
6	Mr. Ameya Paranjape# B.Com, L.L.B, C.S.	37	Senior Manager - Legal & Secretarial, Default	16,87,537	13	21.03.2016	Mahindra & Mahindra Ltd.
7	Mr. Sushil Mishra# B.Sc, MMS (Finance), PG Diploma in Treasury & Forex Mgmt.	37	Chief Manager - Surveillance	13,20,228	15	27.04.2015	Universal Commodity Exchange Limited
8	Mr. Saroj Nanda# BA Economics (Hons), MBA.	36	Senior Manager - Clearing & Settlement	10,05,055	13	27.04.2015	Universal Commodity Exchange Limited
9	Mr. Praveen Acharya# B.Com & CFA	39	Senior Manager - Membership	8,33,723	19	1.02.2016	Metropolitan Stock Exchange of India Limited
10	Mr. Narayanaswamy Iyer# M.Com, CA	40	Deputy Vice President - Enforcement	19,01,461	15	9.11.2015	Reliance Asset Reconstruction Co. Ltd
11	Mrs. Anshu Bharti # B.Sc, MBA (AGRI BUSINESS)	37	Senior Manager - Risk Management	7,66,391	12	9.02.2016	Forward Market Commission

\* Remuneration stated above is excluding unpaid 50% of total variable pay as per SECC Regulation, 2012 of SEBI.

# The Board at its meeting held on 23.07.2016 had designated the officials as KMP in terms of regulation 2(i) of SECC Regulations, 2012. Therefore the remuneration given is for the period commencing from 23.07.2016 to 31.03.2017.

**Notes:**

1. Remuneration as shown above includes Salary, other Allowances, Contribution to Provident Fund, Gratuity etc.
2. None of the employees named above is relative of any Director of the Company.
3. None of the employees named above hold any equity shares in the Company.

**For and on behalf of  
Indian Commodity Exchange Limited**

**Sd/-  
Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : July 21, 2017**

## ANNEXURE III

### **Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management employees.**

#### **1. Introduction**

- 1.1 Indian Commodity Exchange Limited (ICEX) considers human resources as its invaluable assets. This policy aims to harmonise the aspirations of the directors/ employees with the goals of the Company.
- 1.2 Human capital is a strategic source of value creation. As part of our progressive HR philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

#### **2. Objectives**

- 2.1 Ensuring that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate, employees to run the Company successfully.
- 2.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 2.3 Ensure that annual compensation review considers industry/ business outlook and strategies adopted by industry peers, differentiates employees based on their performance/skill sets and also protects employees, particularly those in junior cadre, against inflationary pressures;
- 2.4 Retention of high performers at all levels and those playing critical roles.

#### **3. Scope**

The Board has constituted the “Nomination and Remuneration Committee” in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the directors, key managerial personnel (KMP) and senior managerial personnel of the Company.

#### **4. Definitions**

- 4.1. “Director” means a director appointed to the Board of the Company.
- 4.2. “Key Managerial Personnel” means
  - (i) the Chief Executive Officer or the Managing Director or the Manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-time Director;
  - (iv) the Chief Financial Officer;
  - (v) KMP as per SECC Regulations, 2012 and
  - (vi) such other officer as may be prescribed under the Companies Act, 2013.

4.3. "Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors, if any.

## 5. Policy

### 5.1 Appointment of Directors/ Key Managerial Personnel/ Senior Management personnel

The Nomination and Remuneration Committee, inter alia, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee and takes appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

### 5.2 Remuneration to Directors/ Key Managerial Personnel

5.2.1 The remuneration of the Directors/ Managing Director/ Whole time Directors and Managers etc. will be governed as per provisions contained in the Companies Act, 2013 and rules made therein from time to time.

5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time.

5.2.3 The Non- Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.

5.2.4 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors/ Key Managerial Personnel/ Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders

5.2.5 The remuneration structure shall include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Stock Options, if any.
- (iv) Commission (Applicable in case of Executive Directors/ Directors)
- (v) Retiral Benefits
- (vi) Performance Linked Incentives

5.2.6 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration etc. will be proposed based on the achievements.

### **5.3 Remuneration to other employees**

Employees shall be assigned grades/bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade/bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

### **6. Retention Features as part of Compensation Package**

Based on the organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs), Long-term Incentives (LTIs), Employee Stock Options etc.

### **7. Modification and Amendment**

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

The Policy has to be read along with the 'Compensation Policy for KMP' approved by the Board at its meeting held on 23rd December 2015.

## Compensation Policy for KMPs

### **1- Objective:**

The objective of the compensation policy of Indian Commodity Exchange Limited (herein after referred to as “Exchange”) is to:

- Support performance that is based on merit, and differentiate and reward excellent performance, both in the short and long term, and to recognise the values of the Exchange:
- Attract and retain KMP, and motivate them to achieve organizational goals with integrity fairness and ethical behaviour.
- Balance the mix of fixed compensation and Variable Compensation to appropriately reflect the value and responsibility of the role performed day to day by KMP, and to influence appropriate behaviours and actions.
- Promote effective risk management practice and compliance.
- Foster teamwork and collaboration.
- Take into account the long-term performance of the Exchange, in order to create sustainable value for the shareholders and

In determining the Compensation policy, the Compensation Committee and the Board shall ensure that a competitive Compensation policy for the Key Management Personnel of the Company is being followed and which is in compliance with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2012 (hereinafter referred to as “SECC Regulations”) and all other relevant acts, regulations, notifications, circulars and guidelines which are and may be issued by SEBI or any other relevant authorities from time to time.

### **2- Applicability**

This Policy is applicable to all the key Management Personnel. As per under the SECC Regulations “Key Management Personnel” (hereinafter KMP) means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the recognized stock exchange or the recognized clearing corporation or in any other position as declared so by such stock exchange or clearing corporation. The KMPs shall be such as are identified by the Compensation Committee or in case of changes between meetings of the Committee, by the MD in the interim.

### **3- Compensation Governance**

The compensation governance practices, which are set out in the Policy, are part of the overall corporate governance structure. They should be read in conjunction with the other policies and guidelines of Exchange. The Compensation Policy adheres to the compensation principles stipulated by Securities and Exchange Board of India (SEBI) and other applicable laws.

#### 3.1 Compensation Committee and/or Nomination and Remuneration Committee

The Exchange has constituted a Compensation Committee/ Nomination and Remuneration Committee, which comprises of majority of the Public Interest Directors and is chaired by a Public Interest Director. The role of the committee is to create, recommend, review and approve compensation plans for KMP of the Exchange. Further, the Committee shall also fix the tenure of the KMP in the regulatory department. The Compensation Policy shall be in accordance with the norms specified by SEBI. The Compensation Committee may also procure external legal advice or advice from independent external advisors, as and when required. The Compensation Committee shall ensure that the Compensation Policy is accessible to all the KMPs. The Committee will annually review/ asses implementation of the compensation policy. The Committee shall review the compensation of KMPs every financial year or earlier as the maybe required.

#### 3.2 Compensation of Managing Director to be approved by the Board

The compensation and the terms and conditions of the Managing Director shall be approved by the Remuneration Committee/Compensation Committee/ Board and placed before SEBI for approval. The Terms and conditions of the compensation of the Managing Director shall not be changed without prior approval of the Remuneration Committee/ Compensation Committee/Board and SEBI.

### **4- Factors determining Compensation**

The Compensation Committee shall consider the following conditions, while deciding the compensation payable to the KMP:

- Financial condition/ health of the Exchange including revenues, net profits and other relevant financial parameters, if any
- Average levels of compensation payable to KMP in similar ranks in the industry and industry standards
- Absence of provisions tending to incentivize taking excessive risks over the short run.
- Role and responsibilities of the Key Management Personnel.
- Performance of the KMP.

- Necessity to differentiate and reward excellent performance, both in the short and long term.
- Attract and retain KMP, and motivate them to achieve results with integrity and fairness
- Encourage teamwork and collaboration across the KMP
- Foster growth for the KMP within the Exchange
- Curb excessive risk taking and short term profit oriented behaviour through Malus and Clawbacks clauses.
- Provides equal opportunity to all the KMPs.
- Adherence to the norms stipulated by SEBI and other regulators.

## **5- Compensation Structure**

Compensation Structure is a mix of fixed compensation on the one hand and short and long-term deferred variable compensation on the other. It is designed to ensure adequate consideration of risk in compensation decisions; Every KMP would have to enter into an agreement with the Exchange to ensure a long term mutually beneficial relationship and regulatory compliance. The total compensation structure would be in the following manner.

### 5.1 Fixed/Basic Compensation:

Fixed compensation, which is most commonly paid in the form of base salary, is based on the role and experience of the individual, his or her individual sustained long-term performance, and market positioning. Base salary is set at levels designed to retain Key management Personnel throughout business cycles.

### 5.2 Variable Compensation

The level of variable compensation granted, referred to as a discretionary variable incentive which is factored in the Compensation of the KMP, is entirely at the discretion of the compensation Committee/Board, and may be zero in cases as deemed fit by the Compensation Committee/Board. The compensation Committee/Board makes decisions on variable compensation based on absolute and relative performance of the Exchange and its Divisions, as well as pre-agreed individual performance objectives of KMP's, market positioning, and a variety of other factors. The variable pay shall not exceed one-third of total pay.

### 5.3 Deferred Compensation:

50% of variable compensation is deferred to reflect the nature of the Exchanges business, its risk profile, and the desire to have compensation plans that are based on sustainable performance

criteria, which are enlisted in the KMP's KPC (Key Performance Criteria)/KRA (Key Result Area). Deferred compensation are subject to vesting period of three years.

#### 5.4 Prohibition on ESOPs and Equity Linked Instruments

ESOPs and Equity Linked Instruments shall not be issued as part of compensation of KMPs from the effective date of this policy. The ESOPs that have already been granted to KMPs before coming into effect of the SEBI Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 shall not be exercised by the respective KMPs in contravention of the regulations/guidelines issued by SEBI from time to time.

#### **6- Malus and Clawback Arrangement**

The compensation arrangement shall contain a general provision of Malus and Clawback that enables the Exchange to cancel outstanding Deferred compensation or a part of the Total Compensation if the employees engages in activities that results in, or have the potential to result in, or have the potential to result in, material harm financial, reputational, or any other cause which may be detrimental to the interests to the Exchange.

Malus and Clawback are defined in SEBI circular CIR/MRD/DSA/33/2012 dared December13, 2012, as follows:

- 1) A Malus arrangement permits the Exchange to prevent vesting of all or part of the amount of a deferred remuneration.
- 2) A Clawback is a contractual agreement between the employee and the Exchange in which the employee agrees to return previously paid or vested remuneration to the Exchange under certain circumstances.

As defined above, Malus shall be only applicable to all or part of the deferred and as yet unvested Compensation if any and Clawback shall be applicable to the previously paid or vested compensation. The compensation Committee or the Board shall on occurrence of the following events attributable directly or indirectly to the particular KMP, either singly or jointly with other persons, initiate action/recoveries/prevent vesting under the Malus and Clawback clauses:

- a) Fraud
- b) Gross negligence which has caused or may cause significant financial losses or reputational harm to the Exchange
- c) Misfeasance and nonfeasance which has caused or may cause significant financial losses or reputational harm to the Exchange

- d) Any act amounting to Criminal Breach of Trust
- e) Conviction for an offence involving moral turpitude
- f) Fraudulent Financial reporting
- g) Ethical Misconduct
- h) Overstating/misstating financial indicators or other performance criteria either at the company level or individual level with a view to get an increased variable pay
- i) Breach of confidentiality or trade secrets

Clawback shall be applicable to the complete variable compensation which is vested in the previous year and in case there is no variable component in the compensation of particular KMP, it would be applicable upto 10% of the fixed compensation drawn in the previous year. All recoveries or compensation returned by the KMPs under Clawback, would be net- off of taxes and levies in that respective year(s)

In case of separation or resignation to termination of the service of the employee for any reason other than misconduct, the deferred variable component shall remain with the Exchange for period the remaining period and shall be paid after the completion of vesting period as specified in the Compensation Policy

In case of death of the Employee, the deferred compensation shall be payable to legal heirs or successors of the Employee after the completion of the vesting period, subject to the legal heirs or successors of the Employee producing all such document as may be required by the Exchange to prove the succession to the assets of the deceased employee.

In case of the retirement or termination of service of the employee due to early retirement pursuant to scheme of voluntary retirement as formulated by the Exchange, if any. The deferred compensation shall be payable after completion of the vesting period as specified in the Compensation Policy.

## **7- Total Compensation**

The Total Compensation decision reflects the impact of the function, and its value within the organization. Total Compensation is influenced by the market value for a particular role, relative to predetermined business results and individual performance goals. The KMP's ability to demonstrate skills, capabilities, criticality and experience in addition to behaviours demonstrating the vision, mission and principles of the Exchange are contributing factors in determining their total compensation.

Additionally, specific roles and/or levels are considered in part with a view towards determining the potential of an individual (or group of individuals) to expose the Exchange to inappropriate risk. Both financial risks such as credit, market, and liquidity risk and non-financial risks such as compliance, legal, operational and reputation risks are considered.

## **8- Equal Compensation Opportunity**

The Exchange does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, identity, religion, age marital or family status, Pregnancy, disability or any other status that is protected by law of the country and the Constitution of India. The Exchange encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions, including decisions on compensation, are based on an individual's qualification, performance and behaviour, or other legitimate business considerations. Legitimate business considerations may include (though need not be restricted to) the profitability of the Exchange, the Division and department of the individual, industry practice, the strategic needs of the Exchange as well as any other considerations that the Exchange deems legitimate to its business interests.

ANNEXURE IV

Date: 10<sup>th</sup> July, 2017

To,

The Members,

**INDIAN COMMODITY EXCHANGE LIMITED**

Dev House, 260-261 Tribhuwan Complex,

Ishwar Nagar, New Friends Colony (W),

New Delhi, DL - 110065, IN.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. G S Shetty & Associates**

Practicing Company Secretaries

**Sd/-**

**CS. Ganesha Sanjeeva Shetty**

**(Proprietor)**

M.No.: FCS 7904

COP No. : 7729

**PS: Attached hereto is our Secretarial Audit Report (Form No. MR-3) of Even Date**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

To,

The Members,  
**INDIAN COMMODITY EXCHANGE LIMITED**  
Dev House, 260-261 Tribhuwan Complex,  
Ishwar Nagar, New Friends Colony (W),  
New Delhi, DL- 110065, IN.

Dear Sir,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **INDIAN COMMODITY EXCHANGE LIMITED** (hereinafter called "the Company" or "ICEX" or "Exchange"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure I**, (for the Financial Year ended on 31<sup>st</sup> March, 2017), according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") is applicable to the Company w.e.f. 28<sup>th</sup> September 2015;

- a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15<sup>th</sup> May 2015); and
  - b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
2. We are given to understand that based on the nature of the business activities of the Company, the following **specific** regulations/laws are applicable to the Company:
  - (i) The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and rules and regulations made there under, Bye-laws and Rules of ICEX;
  - (ii) Comprehensive Guidelines for Investor Protection Fund (IPF) / Customer Protection Fund (CPF) at Stock Exchanges;
  - (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (iv) Employees' Welfare and other related labour laws applicable to employees appointed by the company either on payroll or on contractual basis of respective states;
  - (v) Indian Contracts Act, 1872;
  - (vi) Indian Stamp Act, 1899;
  - (vii) Acts prescribed under Direct Tax and Indirect Tax Laws by the Central and respective State Government;
  - (viii) Negotiable Instrument Act, 1881;
  - (ix) Sales Act including Value Added Tax Act, 2002;
  - (x) Shops and Establishment Act;
  - (xi) Rent Act;
  - (xii) Information Technology Act, 2000;
  - (xiii) Limitation Act, 1963;
  - (xiv) Insurance Act, 1938.
3. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013; and
  - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from 1<sup>st</sup> December, 2015);

- (iii) The Securities and Exchange Board of India (Regulatory Fee on Stock Exchanges) Regulations, 2006.

**We further report that:-**

The Board of Directors of the Company is duly constituted with proper balance of Public Interest Directors, Managing Director, Woman Director and Shareholders' Directors. There were certain changes in the composition of the Board of Directors that took place during the year under review and were carried out in Compliance with the provisions of Companies Act, 2013 and other applicable Rules and Regulations.

Except in case of meetings convened on an emergency basis, adequate notice had been given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and that a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Unanimous decisions were carried through as there was no case of dissent of any Director in respect of any decision and was accordingly captured and recorded as part of the minutes. And the Company has passed **Four** Circular Board Resolutions for which the Company has complied with the provisions of the Companies Act, 2013 and other applicable Rules and Regulations.

**We further report that:-**

There are adequate systems and processes in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and Bye Laws and Rules of the Company.

**We further report that** during the audit period the Company has following specific event(s) / action(s) having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. The Commodity Exchanges are now governed and regulated by SEBI. The Company has complied with all regulations, circulars and norms as given by SEBI from time to time.
2. The trading and business operation of the Company is continued to be in suspension during the year because the SEBI has directed the Exchange to fulfill certain compliances which includes Net-worth criteria, Membership criteria etc. However, the Exchange has now complied with all directions and regulatory requirements from time to time as directed by SEBI vide its letter dated 15<sup>th</sup> June, 2017.
3. During the year under review the Board of the Directors of the Company has issued 5,00,00,000 (Five Crore) equity shares of ₹ 5 each/- at premium of ₹ 5/- each and 8,50,00,000 (Eight Crore Fifty Lacs) equity shares of ₹ 5 each/- at premium of ₹ 5/- each aggregating to ₹ 135 Crores on rights basis.
4. During the Financial Year under review, the exchange has 51 members of different categories registered with SEBI. Further, during the period 14 members registered with erstwhile Forward Market Commission have surrendered their membership. As on June 15, 2017, 59 members have been registered with SEBI.

The exchange has complied with all the compliances required as per the relevant laws and terms and conditions decided by Board and Membership Selection Committee for Membership of Exchange.

5. The Governing Board has constituted 15 different statutory committees as per the SEBI Guidelines.

Name of the Constituted Committees are as under:

1. Member Regulation Committee
  2. Trading and Surveillance Committee
  3. Membership Selection Committee
  4. Disciplinary Action Committee
  5. Investor Grievance Redressal Committee
  6. Defaulters' Committee
  7. Standing Committee on Technology
  8. Sub Committee for Monitoring Compliances of suggestions given in SEBI Inspection Report
  9. Public Interest Directors' Committee
  10. Investor Services Committee
  11. Arbitration Committee
  12. Ethics Committee
  13. Risk Management Committee
  14. Selection Committee
  15. Oversight Committee for Product Design
6. The Company has filed Compounding application u/s 441 for offence under Section 149 (1) r.w Section 172 of the Companies Act, 2013 with Regional Director (Northern Region) New Delhi for Non-appointment of Woman Directors on the Board of the Company.  
  
The Matter was Compounded vide Order No. 8/686/T-1/2016/9777 dated 4<sup>th</sup> January, 2017, issued by the Regional Director (Northern Region) New Delhi, the company has complied with the Regional Director Order (NR) by filing INC-28 on 20<sup>th</sup> January, 2017.  
  
In view of the same, the pending complaint before the Honorable Magistrate Court at Tis Hazari, Delhi, vide case No. 269/3 dated 16<sup>th</sup> October, 2015, stands disposed of as withdrawn with order of the court on 27<sup>th</sup> April, 2017.
  7. The requirement of Appointment of Managing Director as per regulation 23 of the Chapter V of the Securities Contracts (Regulation) (Stock Exchange Clearing Corporation) Regulation 2012, the Company has appointed the Managing Director on the Board during Financial Year.
  8. The Company has submitted its audited Net-worth Certificate for financial year ended 31<sup>st</sup> March, 2016 required by Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.
  9. The Company has framed the Whistle Blowers Policy-Vigil Mechanism as per section 177 (9) and 177(10) of the Companies Act, 2013 read with Regulation 22 of SEBI (Listing obligation and Disclosure Requirements) Regulation 2015, and the same has been approved by Board during Financial Year.

10. The Company has received show cause notice from Registrar of Companies NCT of Delhi and Haryana dated 3<sup>rd</sup> February, 2017, for non- receipt of Letter at its registered office sent by the Regional Director (NR), Ministry of Corporate Affairs, New Delhi, dated 23<sup>rd</sup> January, 2017 and consequently for not maintaining the Registered office of the company and thereby violating Section 12(1) read with 12(4) of the Act, which attracts the penal provision of Section 12(8) of Companies Act, 2013.

Further Notice of Inquiry vide ROC/D/2017/RD(NR)/ICEX/NOI/18143-54 dated 23<sup>rd</sup> January, 2017, the Company has represented on the above matter and received the Order No. ROC/D/2017/ICEX/AP/Penalty Order/555 dated 25<sup>th</sup> April, 2017 for Penalty for violation of Section 12(1) r/w Section 12(4) of the Companies Act, 2013. The Company and its key managerial personnel have paid the necessary penalty and complied with the order.

**For M/s. G. S. Shetty & Associates**  
Practicing Company Secretaries

**Sd/-**  
**CS. Ganesha Sanjeeva Shetty**  
**(Proprietor)**  
M.No. : FCS 7904  
COP No. : 7729

Place: Mumbai  
Date: 10/07/2017

Encl: **List of Documents Verified - 'Annexure - I'**

## ANNEXURE I

### List of documents verified:

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31<sup>st</sup> March, 2016.
3. Balance Sheet and Profit and Loss Account for financial year ended 31<sup>st</sup> March, 2017.
4. Minutes of the meetings of the Board of Directors held during the financial year together with the Attendance Registers.
5. Minutes of the meetings of the Audit Committee, Membership Selection Committee, Nomination & Remuneration Committee, Public Interest Directors Committee and Standing Committee on Technology held during the financial year together with the Attendance Registers.
6. Minutes of General Body Meeting held on 26<sup>th</sup> September, 2016.
7. Amended Bye-Laws and Rules for the Exchange.
8. Policy on Related Parties Transactions, Whistle Blower Policy, Policy against sexual harassment at workplace, Annual Evaluation Policy, Risk Management Policy, Nomination & Remuneration Policy, Code of Conduct for all Directors and Code of Ethics for Directors and Key Management Personnel.
9. Statutory Registers viz. -
  - I. Register of Directors & Key Managerial Persons
  - II. Register of Directors' Shareholding
  - III. Register of Members (MGT-1)
  - IV. Register of Directors Attendance
  - V. Register of Shareholders Attendance
  - VI. Register of Right Issues to existing members and new members
10. Notice and Agenda papers submitted to all the Directors/Members for the Board Meetings and Committee Meetings.
11. Declarations received from the Directors of the Company pursuant to the provisions of the Companies Act, 2013 and SECC Regulations, 2012 and SEBI (LODR) Regulations, 2015.
12. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year.
13. List of new members enrolled for Trading Membership for the Commodity Exchange during the financial year and procedure followed by the company.
14. Necessary action taken by company on pending petition u/s 149 of the Companies Act, 2013 for non-appointment of women director and Compounding order received from Regional Director and their compliances with Registrar of Companies.
15. The show cause notice dated 3<sup>rd</sup> February, 2017 received from Registrar of Companies NCT of Delhi and Haryana, for non-delivery of order sent by the Regional Director (NR), Ministry of Corporate Affairs, New Delhi, dated 23<sup>rd</sup> January, 2017 for the violation of Section 12(1) read with 12(4) of the Act, and Notice of Inquiry vide ROC/D/2017/RD(NR)/ICEX/NOI/18143-54 dated 23<sup>rd</sup> January, 2017 and Order for penalty vide ROC/D/2017/ICEX/AP/Penalty Order/555 dated 25<sup>th</sup> April, 2017.

The Exchange has complied with the Order No. ROC/D/2017/ICEX/AP/Penalty Order/555 dated 25th April, 2017 by paying the penalty imposed on the Company for the violation of section 12(1) r/w Section 12(4) of the Companies Act, 2013.

16. Intimations and documents/reports/return filed with SEBI from time to time.

ANNEXURE V

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on financial year ended on **March 31, 2017**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U67120DL2008PLC182140
2.	Registration Date	18/08/2008
3.	Name of the Company	<b>INDIAN COMMODITY EXCHANGE LIMITED</b>
4.	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company.
5.	Address of the Registered Office & Contact Details	Dev House, 260-261, Tribhuwan Complex, Ishwar Nagar, New Friends Colony (W), New Delhi -110065. Tel. No : +91- 11-30670103
6.	Address of the Corporate Office & Contact Details	Reliable Tech Park, 403-A, B-Wing, 4 <sup>th</sup> Floor, Thane -Belapur Road, Airoli, Navi Mumbai – 400708. Tel. No.: +91-22-40381500, Fax No. : +91-22-40381511
7.	Whether listed company	Unlisted
8.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot Nos. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032 Telangana, India Tel: +91 40 3321 1500 Fax: +91 40 2300 1153 Toll Free No.: 1800 345 4001 Email: einward.ris@karvy.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

**All the business activities contributing 10% or more of the total turnover of the company shall be stated:**

S. No.	Name and Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1.	Exchange Operation.	66110	100%

### III. PARTICULARS OF HOLDING ,SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1.	NA	NA	NA	NA	NA

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

#### A) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year[As on April 1, 2016]				No. of Shares held at the end of the year[As on March 31, 2017]				% Change the during year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	--	--	--	--	--	--	--	--	--
b) Central Govt.	3,20,00,000		3,20,00,000	16%	3,20,00,000		3,20,00,000	9.55%	-6.45%
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	7,99,99,988	12	8,00,00,000	40%	12,21,00,000	--	12,21,00,000	36.45%	-3.55%
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any other	--	--	--	--	--	--	--	--	--
<b>Total shareholding of Promoter (A)</b>	<b>11,19,99,988</b>	<b>12</b>	<b>11,20,00,000</b>	<b>56%</b>	<b>15,41,00,000</b>	<b>--</b>	<b>15,41,00,000</b>	<b>46.00%</b>	<b>10.00%</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	1,00,00,000	0	1,00,00,000	5.00%	2,50,00,000	--	2,50,00,000	7.46%	2.46%
c) Central Govt.	2,00,00,000	--	2,00,00,000	10.00%	2,68,00,000	--	2,68,00,000	8.00%	-2.00%
d) State Govt.	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance	--	--	--	--	--	--	--	--	--

Companies									
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others: (co-operative society)	1,00,00,000	--	1,00,00,000	5.00%	1,34,00,000	-	1,34,00,000	4.00%	-1.00%
<b>Sub-total (B)(1):-</b>	<b>4,00,00,000</b>	<b>--</b>	<b>400,00,000</b>	<b>20.00%</b>	<b>6,52,00,000</b>	<b>-</b>	<b>6,52,00,000</b>	<b>19.46%</b>	<b>-0.53%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	2,80,00,000	--	2,80,00,000	14.00%	6,37,75,000	--	6,37,75,000	19.04%	5.04%
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	--	--	--	--	--	--	--	--	--
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,00,00,000	--	2,00,00,000	10.00%	5,19,25,000	--	5,19,25,000	15.50%	5.50%
c) Others (specify)	--	--	--	--	--	--	--	--	--
Non Resident Indians	--	--	--	--	--	--	--	--	--
Overseas Corporate Bodies	--	--	--	--	--	--	--	--	--
Foreign Nationals	--	--	--	--	--	--	--	--	--
Clearing Members	--	--	--	--	--	--	--	--	--
Trusts	--	--	--	--	--	--	--	--	--
Foreign Bodies - D R	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(2):-</b>	<b>4,80,00,000</b>	<b>--</b>	<b>4,80,00,000</b>	<b>24.00%</b>	<b>11,57,00,000</b>	<b>--</b>	<b>11,57,00,000</b>	<b>34.54%</b>	<b>10.54%</b>

<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	8,80,00,000	--	8,80,00,000	44.00%	18,09,00,000		18,09,00,000	54.00%	10.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	19,99,99,988	12	20,00,00,000	100.00%	33,50,00,000	--	33,50,00,000	100.00%	100.00%

### B) Shareholding of Promoter:

Sr . No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Indiabulls Housing Finance Limited	2,80,00,000	14%	---	3,50,00,000	10.45%	---	\$ -3.55%
2.	MMTC Limited	3,20,00,000	16%	---	3,20,00,000	9.55%	---	#\$ -6.45%
3.	Reliance Exchangenext Limited	5,20,00,000	26%	---	8,71,00,000	26%	---	---

**C) Change in Promoters' Shareholding:**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Indiabulls Housing Finance Limited</b>					
	At the beginning of the year	2,80,00,000	14.00%	2,80,00,000	14.00%
	Subscribed to Right Issue dated 21.01.2016	70,00,000	2.80%	3,50,00,000	14.00%
	At the end of the year	3,50,00,000	10.45%	3,50,00,000	10.45%
<b>Reliance Exchangenext Limited</b>					
	At the beginning of the year	5,20,00,000	26.00%	5,20,00,000	26.00%
	Subscribed to Right Issue dated 21.01.2016	1,30,00,000	5.20%	6,50,00,000	26.00%
	Subscribed to Right Issue dated 12.01.2017	2,21,00,000	6.60%	8,71,00,000	26.00%
	At the end of the year	8,71,00,000	26.00%	8,71,00,000	26.00%

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

<b>1. Abhinay Trading Private Limited</b>				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	2,80,00,000	14.00%	2,80,00,000	14.00%
No Change	-	-	2,80,00,000	8.36%
At the end of the year	2,80,00,000	8.36%	2,80,00,000	# \$ 8.36%

<b>2. Indian Potash Limited</b>				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	2,00,00,000	10.00%	2,00,00,000	10.00%
Subscribed to Right Issue dated 12.01.2017	68,00,000	2.03%	2,68,00,000	8.00%
At the end of the year	2,68,00,000	8.00%	2,68,00,000	# 8.00%

3. Akhil Kumar Gupta				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	1,00,00,000	5.00%	1,00,00,000	5.00%
Subscribed to Right Issue dated 21.01.2016	25,00,000	1.00%	1,25,00,000	5.00%
Subscribed to Right Issue dated 12.01.2017	42,50,000	1.27%	1,67,50,000	5.00%
At the end of the year	1,67,50,000	5.00%	1,67,50,000	5.00%

4. Vijay Sharma				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	1,00,00,000	5.00%	1,00,00,000	5.00%
Subscribed to Right Issue dated 21.01.2016	25,00,000	1.00%	1,25,00,000	5.00%
Subscribed to Right Issue dated. 12.01.2017	42,50,000	1.27%	1,67,50,000	5.00%
At the end of the year	1,67,50,000	5.00%	1,67,50,000	5.00%

5. Asian Star Company Limited				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Acquired unsubscribed portion of Right Issue dated 12.01.2017	1,67,50,000	5.00%	1,67,50,000	5.00%
At the end of the year	1,67,50,000	5.00%	1,67,50,000	5.00%

6. Adventz Finance Private Limited				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Acquired unsubscribed portion of Right Issue dated 12.01.2017	1,50,00,000	4.48%	1,50,00,000	4.48%
At the end of the year	1,50,00,000	4.48%	1,50,00,000	4.48%

7. Krishak Bharati Cooperative Limited				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	1,00,00,000	5.00%	1,00,00,000	5.00%
Subscribed to Right Issue dated 12.01.2017	34,00,000	1.01%	1,34,00,000	4.00%
At the end of the year	1,34,00,000	4.00%	1,34,00,000	4.00%

8. IDFC Bank Limited				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	1,00,00,000	5.00%	1,00,00,000	5.00%
No Change	-	-	1,00,00,000	2.99%
At the end of the year	1,00,00,000	2.99%	1,00,00,000	# \$ 2.99%

9. Uday Suresh Shah				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Acquired unsubscribed portion of Right Issue dated 21.01.2016	60,00,000	2.4%	60,00,000	2.4%
At the end of the year	60,00,000	1.79%	60,00,000	\$ 1.79%

10. Vinod Chopra Films Private Limited				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Acquired unsubscribed portion of Right Issue dated 12.01.2017	57,75,000	1.72%	57,75,000	1.72%
At the end of the year	57,75,000	1.72%	57,75,000	1.72%

# Decrease in shareholding percentage is due to non-participation in the Issue of Equity shares on right basis dated January 21, 2016

\$ Decrease in shareholding percentage is due to non-participation in the Issue of Equity shares on right basis dated January 12, 2017.

# \$ Decrease in shareholding percentage is due to non-participation in the Issue of Equity shares on right basis dated January 21, 2016 and January 12, 2017 respectively.

**E) Shareholding of Directors and Key Managerial Personnel:**

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	--	--	--	--
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	--	--	--	--
At the end of the year	--	--	--	--

**F) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	--	--	--	--
<b>Change in Indebtedness during the financial year</b>				
Addition	--	--	--	--
Reduction	--	--	--	--
<b>Net Change</b>	--	--	--	--
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	--	--	--	--

## XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		(MD & CEO)			
		Mr. Sanjit Prasad	--	--	--
1	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	58,33,333/-	--	--	58,33,333/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(d) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission - - as % of profit - others, specify...	--	--	--	--
5	Others, please specify	--	--	--	--
	<b>Total (A)</b>	<b>58,33,333/-</b>	--	--	<b>58,33,333/-</b>
	<b>Ceiling as per the Act</b>	As per The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.			

## Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Ashok Sinha	Mr. R. K. Nair	Mr. V. K. Sharma	Mrs. D Vijayalakshmi	
						--
1	Independent Directors	--	-	--	--	--
	Fee for attending Board & Committee Meetings	2,00,000	2,10,000	1,80,000	1,10,000	7,00,000
	Commission	--	--	--	--	--
	Others, please specify	--	--	--	--	--
	<b>Total (1)</b>	<b>2,00,000</b>	<b>2,10,000</b>	<b>1,80,000</b>	<b>1,10,000</b>	<b>7,00,000</b>
2	Other Non-Executive Directors	--	--	--	--	--
	Fee for attending Board & Committee Meetings	--	--	--	--	--
	Commission	--	--	--	--	--
	Others, please specify	--	--	--	--	--
	<b>Total (2)</b>	--	--	--	--	--
	<b>Total (B)=(1+2)</b>	<b>2,00,000</b>	<b>2,10,000</b>	<b>1,80,000</b>	<b>1,10,000</b>	<b>7,00,000</b>
	<b>Total Managerial Remuneration</b>	<b>2,00,000</b>	<b>2,10,000</b>	<b>1,80,000</b>	<b>1,10,000</b>	<b>7,00,000</b>
	<b>Overall Ceiling as per the Act</b>	₹ 1,00,000/- per director per meeting.				

## B. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	*CS	CFO (Ghanashyam V Rao)	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	34,10,252/-	44,82,000/-	78,92,252/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission	--	--	--	--
	- as % of profit	--	--	--	--
	Others, specify...	--	--	--	--
5.	Separation Benefits	--	--	--	--
	Total	--	34,10,252/-	44,82,000/-	78,92,252/-

CEO: Chief Executive Officer CS: Company Secretary CFO: Chief Financial Officer

\*Mr. Ranjit Samantaray, CS from 23.12.2015 to 23.07.2016 (₹. 17.35 lacs) , Mr. Ameya Paranjape, CS appointed w.e.f 23.07.2016 (₹. 16.75 lacs)

## XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
<b>Penalty</b>	Section 454 of the Companies Act, 2013 and rules thereunder.	Violation of section 12(1) of the Companies Act, 2013. i.e. Non-maintenance of Registered Office	Penalty of Rs. 13,000/- was imposed. The said penalty was paid immediately by the exchange.	Registrar of Companies and Adjudicating officer , NCT of Delhi & Haryana	--
<b>Punishment</b>	--	--	--	--	--
<b>Compounding</b>	Section 441 of the Companies Act, 2013	Violation of section 149 (1) of the Companies Act, 2013. i.e. Non - appointment of Women Director	Compounding fee of Rs.1,00,000/- was imposed. The said fee was paid immediately by the Exchange and the offence stands compounded.	The Regional Director (Northern Region)	--
<b>B. DIRECTORS</b>					
<b>Penalty</b>	Section 454 of the Companies Act, 2013 and rules thereunder.	Violation of section 12(1) of the Companies Act, 2013. i.e. Non-maintenance of Registered Office	Penalty of Rs. 13,000/- was imposed on the Managing Director and CEO of the Exchange. The said penalty was paid immediately by the Managing Director and CEO.	Registrar of Companies and Adjudicating officer , NCT of Delhi & Haryana	--
<b>Punishment</b>	--	--	--	--	--
<b>Compounding</b>	Section 441 of the Companies Act, 2013	Violation of section 149(1) of the Companies Act, 2013. i.e. Non - appointment of Women Director	Compounding fee of Rs.50,000/- was imposed on the Whole-time Director. The said fee was paid immediately by the Whole-time Director and the offence stands compounded.	The Regional Director (Northern Region)	--

<b>C. OTHER OFFICERS IN DEFAULT</b>					
<b>Penalty</b>	Section 454 of the Companies Act, 2013 and rules thereunder.	Violation of section 12(1) of the Companies Act, 2013.  i.e. Non-maintenance of Registered Office	Penalty of Rs. 13,000/- each was imposed on the Chief Financial Officer and Company Secretary of the Exchange. The said penalty was paid immediately by Chief Financial Officer and Company Secretary.	Registrar of Companies and Adjudicating officer , NCT of Delhi & Haryana	
<b>Punishment</b>	--	--	--	--	--
<b>Compounding</b>	--	--	--	--	--

**For and on behalf of  
Indian Commodity Exchange Limited**

**Sd/-  
Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : July 21, 2017**

## ANNEXURE VI

**Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (appointment and remuneration of managerial personnel) Rules, 2014.**

I. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the financial year 2016-17, and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under:

<b>Sr. No.</b>	<b>Name of Director/KMP and Designation.</b>	<b>% increase (decrease) in Remuneration / Sitting Fees in the Financial Year 2016-17</b>	<b>Ratio of remuneration of each Director to median remuneration of employees</b>
1.	Mr. Ashok Sinha Public Interest Director	66.67%	0.23
2.	Mr. Ajit Mittal Shareholder Director	Not applicable	Not applicable
3.	Mr. Anand Trivedi Shareholder Director (till 7 <sup>th</sup> December 2016)	Not applicable	Not applicable
4.	Mr. Lav Chaturvedi Shareholder Director	Not applicable	Not applicable
5.	Mr. P. S. Gahlaut Shareholder Director	Not applicable	Not applicable
6.	Mrs. D. Vijayalakshmi Public Interest Director (w.e.f 13 <sup>th</sup> June 2016)	Not applicable	0.12
7.	Mr. R. K. Nair * Public Interest Director	600.00%	0.24
8.	Mr. V. K. Sharma* Public Interest Director	260.00%	0.20
9.	Mr. Sanjit Prasad Managing Director and Chief Executive officer (w.e.f. 1 <sup>st</sup> September 2016)	Not applicable	Not applicable
10.	Mr. Ranjit Samantaray Company Secretary (till 23 <sup>rd</sup> July 2016)	Not applicable	Not applicable
11.	Mr. Ameya Paranjape Company Secretary (w.e.f 23 <sup>rd</sup> July 2016)	Not applicable	Not applicable
12.	Mr. Ghanashyam V. Rao Chief Financial Officer	Not applicable	Not applicable

\*Appointed w.e.f. 23<sup>rd</sup> September 2015

- II. The percentage decrease in the median remuneration of employees in financial year 2016-17 as compared to previous year 2015-16 is 9.81%
- III. There were 52 permanent employees on the rolls of Company as on March 31, 2017;
- IV. There was an increase of 173.95% in the employee cost.
- V. The total remuneration of Key Managerial Personnel increased by 151.75% from ₹. 0.53 crore in 2015-16 to ₹ 1.34 crore in 2015-16. The Net Loss increased by 99.27% from ₹. 7.46 crore in 2015-16 to ₹. 14.86 crore in 2016-17.
- VI. The Net-worth (inclusive of SGF) as on March 31, 2017 was ₹ 124.30 crores and as at March 31, 2016 was ₹ 3.80 crore.
- VII. The Exchange has re-initiated its plans for revival and accordingly it has increased its staff strength gradually from 44 as on March 31, 2016 to 52 as on March 31, 2017. There was a marginal decrease 0.15% in the salaries of employees other than the Key Managerial personnel in the last financial year as compared to a 151.75% increase in the Key Managerial remuneration.
- VIII. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. --- NIL and
- IX. It is hereby affirmed that the remuneration paid is as per the Compensation Policy for Directors and Key Managerial Personnel.

**For and on behalf of  
Indian Commodity Exchange Limited**

**Sd/-  
Ashok Sinha  
Chairman  
DIN: 00299600**

**Place: Navi Mumbai  
Date : July 21, 2017**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **BUSINESS OVERVIEW:**

Indian Commodity Exchange Ltd. (“ICEX”) is a deemed recognised Stock Exchange regulated by Securities and Exchange Board of India (“SEBI”), having demutualised corporate structure, online trading, clearing and settlement with best international practices. It aims to fulfill the objectives of the National Agricultural Policy Statement declared by the Government of India in the year 2000 that the price discovery and risk management benefits of the commodity derivatives market should reach to the producers.

The Exchange has received approval from SEBI to re-commence its trading operations. With all requisite approvals in place, the Exchange is poised to go-live by end of August, 2017. The Exchange has also planned to introduce innovative contracts from time to time and keep its position as an innovative Exchange vis-à-vis its competitors.

The Exchange has received approval to launch Diamond, Light Sweet Crude Oil (WTI) & Brent Crude Oil futures contracts. Setting up of an exchange requires a well experienced management team with domain knowledge, establishment of infrastructure and technology setup, right product mix with liquidity, enrollment of members to serve actual users and necessary exchange compliance and risk management. Technology plays the key role in Exchange business. ICEX has tied up with leading technology provider Millennium IT, subsidiary of London Stock Exchange Group having its systems used by exchange businesses around the world. The new upgrade version used by ICEX will give it an edge over its competitors.

The Exchange is ideally positioned to leverage the huge potential of commodities market and encourage participation of farmers, traders and actual users to benefit from price discovery, risk management and supply chain management in the commodity markets.

### **INDUSTRY STRUCTURE, OPPORTUNITIES, CONCERNS AND OUTLOOK:**

There are over 50 commodity futures and options Exchanges worldwide that trade commodities ranging from energy, metals, agriculture to livestock in many countries including the United States, China, Japan, Malaysia and the United Kingdom.

In India, there are currently four SEBI recognized electronic multi-commodity national exchanges, namely:

- Multi Commodity Exchange of India Limited (MCX)
- National Commodity and Derivatives Exchange Limited (NCDEX)
- National Multi Commodity Exchange Limited (NMCE)
- Indian Commodity Exchange Limited (ICEX)

Favorable Government policies are going to give a big boost to the Commodity Exchange Industry in India. SEBI has also introduced Option trading in commodity derivatives.

Introduction of new indirect tax system “GST” will also help the market to grow as constraints like tax disparity will be removed, which in turn shall have a positive effect on the spot as well as the derivative market trading volumes.

## **FINANCIAL PERFORMANCE:**

During the Financial Year 2016-17 the Exchange successfully raised capital of ₹ 135 crores through two Rights Issues. The rights issues were at a premium of ₹ 5/- per share on a face value of ₹ 5/- per share.

Though the Exchange did not have any trading operation in FY 2016-17 it earned ₹ 1.30 crore as revenue from operation mainly due to admission of new members, compared to previous year operation revenue of ₹ 0.01 crore. The Exchange had incurred a loss of ₹ 14.86 crores in FY 2016-17 compared to previous year loss of ₹ 7.46 crores. The net-worth as on March 31, 2017 was ₹ 124.30 crores (inclusive of SGF) as against the SEBI net-worth requirement of ₹ 100 crores.

## **EMPLOYEES - OUR ASSETS:**

The Exchange has successfully built the core team and also been able to attract human resource with deep domain knowledge and experience in Exchange industry to further strengthen the departments. As on March 31, 2017 the Exchange has 52 employees, against 44 employees as on March 31, 2016. As a part of the strategy to improve operational efficiency, the Exchange regularly organizes in-house and external training programs for its employees.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company currently has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of internal audit function, the Company undertakes corrective action in their respective areas and thereby further strengthens the controls.

## **CAUTIONARY STATEMENT:**

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

## CORPORATE GOVERNANCE REPORT

Indian Commodity Exchange Limited (“ICEX”) (“the Exchange”) is a Public Limited Company, the securities of which are not listed on any stock exchange. However pursuant to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (“SECC Regulations 2012”), Corporate Governance norms as specified for listed companies shall mutatis mutandis apply to a recognised stock exchange.

### **1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company’s philosophy on Corporate Governance is to follow fair, ethical and transparent governance practices so as to achieve greater efficiency and effectiveness throughout the organization.

Your Company believes that Corporate Governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders. It is a reflection of the Company’s Exchange culture, policies, relationship with stakeholders, commitment to values and ethical business conduct.

### **2. BOARD OF DIRECTORS:**

#### **A. Composition:**

The composition of the Board is governed by applicable laws, rules, regulations, circulars and guidelines issued by SEBI from time to time.

The Board comprises of eight (8) Directors, of which three (3) are shareholder Directors, four (4) are Public Interest Directors, besides the Managing Director & CEO. As on March 31, 2017, the composition of the Board of Directors is as under:

Mr. Ashok Sinha	Chairman, Public Interest Director (PID)
Mr. Ajit Kumar Mittal	Shareholder Director (SHD)
Mrs. D Vijayalakshmi	Public Interest Director (PID)
Mr. Lav Chaturvedi	Shareholder Director (SHD)
Mr. P. S. Gahlaut	Shareholder Director (SHD)
Mr. R. K. Nair	Public Interest Director (PID)
Mr. V. K. Sharma	Public Interest Director (PID)
Mr. Sanjit Prasad	Managing Director and Chief Executive Officer (MD & CEO)

## B. Attendance of Directors and Number of Directorships and Committee positions held:

During the financial year ended March 31, 2017, seven (7) meetings of Board of Directors were held. The dates of the Board meetings are as under:

April 8, 2016, April 21, 2016, July 23, 2016, August 31, 2016, October 1, 2016, October 22, 2016 and January 21, 2017.

The attendance details and number of Directorships and committee positions held by the Directors as on March 31, 2017 are given below:

Sr. No.	Name of the Directors	Category	Attendance at Board Meetings during FY 2016-17		Whether attended last AGM held on 26.09.2016	No. of Directorship(s)	Number of Committee positions held in other public companies	
			Held	Attended			Chairman	Member
1.	Mr. Ashok Sinha (DIN: 00299600)	Chairman PID	7	6	No	2	1	2
2.	Mr. Ajit Mittal (DIN:02698115)	Shareholder Director	7	1	No	6	1	1
3.	Mr. Anand Trivedi* (DIN:01077784)	Shareholder Director	7	2	No	-	-	-
4.	Mrs. D Vijayalakshmi ** (DIN : 00467785)	Public Interest Director	7	5	No	Nil	Nil	Nil
5.	Mr. Lav Chaturvedi (DIN: 02859336)	Shareholder Director	7	5	No	4	Nil	3
6.	Mr. P. S. Gahlaut (DIN:00049401)	Shareholder Director	7	2	No	8	Nil	1
7.	Mr. R. K. Nair (DIN:07225354)	Public Interest Director	7	7	No	2	Nil	1
8.	Mr. V. K. Sharma (DIN:02051084)	Public Interest Director	7	6	Yes	3	Nil	1
9.	Mr. Sanjit Prasad *** (DIN : 03304097)	Managing Director & Chief Executive Officer	7	3	No	Nil	Nil	Nil

\*Mr. Anand Trivedi ceased to be director with effect from December 7, 2016.

\*\*Mrs. D Vijayalakshmi appointed as PID with effect from June 13, 2016.

\*\*\*Mr. Sanjit Prasad appointed as Managing Director and Chief Executive Officer with effect from September 1, 2016.

### Notes:

- All Directors except Mr. Sanjit Prasad, Managing Director and Chief Executive officer are non-executive Directors;
- All Public Interest Directors are Independent Directors;
- Above Directorship excludes Directorship in ICEX, Private Companies, Section 8 Companies and Companies Incorporated outside India;
- Memberships/ Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee of all Public Companies have been considered above;

- None of the Directors are related to each other;
- None of the Director hold any shares in the Company;
- The web link of Directors' familiarisation programme imparted to independent Directors is <http://www.icexindia.com/static/disclosures.aspx>.

### **C. CODE OF CONDUCT AND CODE OF ETHICS:**

The Exchange has a well-defined Code of Conduct for its Board of Directors and a Code of Ethics for its Board of Directors and Key Management Personnel, as stipulated by SEBI.

### **D. FAMILIRISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The independent directors are familiarised with the Company, through various programmes. These include orientation programme upon induction of new directors, strategic presentations made to the Board where directors get an opportunity to interact with the senior management and also other initiatives to update directors on continuing basis. Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function duties and responsibilities. The format of the letter of appointment is available on our website at <http://www.icexindia.com/static/disclosures.aspx>. The Familiarisation programme for Independent Directors is disclosed on the Company's website at the following web link: <http://www.icexindia.com/static/disclosures.aspx>

## **3. COMMITTEES OF THE BOARD:**

### **3.1. AUDIT COMMITTEE:**

#### **A. Composition, Meetings and Attendance:**

This Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013, Regulation 35 of SECC Regulations, 2012 and Corporate Governance Norms (Regulation 18(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015). During the year, the Committee was reconstituted on April 8, 2016.

The Committee met four (4) times during the year. The meetings were held on April 21, 2016, July 23, 2016, October 22, 2016 and January 21, 2017. The Chief Financial Officer, representatives of the Statutory Auditors are permanent invitees to the Audit Committee meeting. The internal auditors are invited on case to case basis. The Company Secretary acts as the Secretary to the Committee.

The previous Annual General Meeting of the Company was held on September 26, 2016 and was attended by the Chairman of the Audit Committee.

The details of the Composition and attendance of the members of the committee as on March 31, 2017 are listed below:

Members	Category	Number of Meetings during financial year 2016-17	
		Held	Attended
Mr. V K Sharma	Chairman, Public Interest Director	4	4
Mr. Ashok Sinha	Public Interest Director	4	3
Mr. Lav Chaturvedi	Shareholder Director	4	2
Mr. R K Nair	Public Interest Director	4	4

#### B. Terms of Reference (TOR):

The terms of reference of the Audit Committee pursuant to Section 177 (4) of the Companies Act, 2013 read with Regulation 18 of Listing Regulations, 2015 inter-alia includes:

- To oversee the Company's financial reporting process and the disclosure of its financial statements to ensure that the financial statement is correct, sufficient and credible;
- To recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
- To review with the management, the annual financial statements and auditor's report thereon before Submission to the Board for approval;
- To review with the management, the quarterly financial statements before submissions to the Board;
- To review and monitor the auditors independence and performance and effectiveness of audit process;
- To scrutinize inter corporate loans and investments;
- To undertake valuation of undertakings or assets of the Company wherever it is necessary;
- To evaluate internal financial control and risk management systems;
- To review with the management, performance of statutory and internal auditors, adequacy of the internal systems;
- To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the Department, reporting structure coverage and frequency of internal audit;
- To discuss with internal auditors any significant findings and follow up thereon;
- To review Company's financial risk management policies;
- To examine financial statement and the auditor's report thereon;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

### 3.2 NOMINATION AND REMUNERATION COMMITTEE:

#### A. Composition, meetings and attendance:

This committee has been constituted in line with the provisions of the section 178 of the Companies Act, 2013, Regulation 35 of SECC Regulations 2012 and Corporate Governance Norms (Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015).

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, recommend nominations for Board Membership, develop and recommend policies with respect to composition of the Board, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record, integrity, establish appropriate succession plans and determine overall compensation policies of the Company.

The Committee met once during the year. The meeting was held on January 21, 2017. The details of Composition and participation of the members at the meeting of the committee as on March 31, 2017 were as under:

Members	Category	Number of Meetings during financial year 2016-17	
		Held	Attended
Mr. Ashok Sinha	Public Interest Director	1	1
Mr. V. K. Sharma	Public Interest Director	1	1
Mr. Lav Chaturvedi	Shareholder Director	1	0

#### **B. Terms of Reference (TOR):**

The Terms of Reference of the Nomination and Remuneration cum Compensation Committee of the Company pursuant to Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 inter-alia includes:

- To decide the remuneration to be paid to any member or prospective member of the Senior Management, as may be referred to it by the governing Board, in mutual consultation with such member or prospective member and in an objective manner, having regard to the interests of the Company and of its shareholders;
- To lay down the policy for compensation of Key Management Personnel (KMP) in terms of the compensation norms prescribed by SEBI.
- To determine the tenure of the KMPs to be posted to a regulatory department prescribed by SEBI;
- To formulate criteria for determining qualifications, positive attributes and independence of Director;
- To recommend to the Board policy relating to remuneration for Directors, KMPs and other employees;
- To identify persons who are qualified to be become Directors and who may be appointed in senior management in accordance with criteria laid down,, recommend to the Board their appointment, removal.;
- To evaluate every Directors performance;
- To perform any other function as may be delegated by the Board.

#### **C. Nomination and Remuneration Policy:**

The Company has formulated the nomination and remuneration policy as per SECC Regulations and the Companies Act, 2013 for remunerating the Executive Directors, Non - Executive Directors, Senior Management Personnel, Key Managerial Personnel and the Employees. The policy is annexed to the Directors' report.

The Nomination and Remuneration Committee while deciding the basis for determining the compensation, both fixed and variable to the Non-Executive Directors, takes into consideration

various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out other duties, role and functions as envisaged in Schedule IV of the Act and Listing Regulations and such other factors as the committee may consider deem fit.

#### D. Performance Evaluation Criteria:

Pursuant to the provision of the Act and the SEBI regulation, the Board has carried out the annual evaluation of its own performance, as well as the performance of individual director and evaluation of the committees constituted under the Companies Act, 2013. A structured questionnaire was prepared after taking into consideration inputs received from directors covering various aspects of the Board's Functioning.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The Directors expressed their satisfaction with the evaluation process.

#### 4. REMUNERATION OF DIRECTORS:

##### Non-Executive Independent Directors:

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees. The Company has not granted any stock options to any of its Non-Executive Directors and none of the Directors hold any shares in the Company. The Company pays Sitting Fees to its Non-Executive Independent Directors for attending Board Meeting and Committee Meetings. The sitting fees being paid is within the limit prescribed under the Companies Act, 2013.

The details of remuneration of the Non-Executive Independent Directors during the Financial Year 2016-2017 is as follows:

Name of the Director	Sitting Fee (₹)
Mr. Ashok Sinha	2,00,000
Mr. R. K. Nair	2,10,000
Mr. V. K. Sharma	1,80,000
Mrs. D. Vijayalakshmi	1,10,000

##### Executive Directors:

The details of remuneration paid to Managing Director & Chief Executive Officer during the financial year 2016-17 is as follows:

Name	Salary and Allowances*	Bonus	Perquisites	Total
Mr. Sanjit Prasad	58,33,333	Nil	Nil	58,33,333

\* Includes Fixed Component: ₹ 58,33,333 & Performance Linked Incentives : Nil

Mr. Sanjit Prasad appointed as Managing Director and Chief Executive Officer with effect from September 1, 2016.

Appointment of MD & CEO is governed by a service contract for a period of 3 (three) years and a notice period of 90 days.

## **5. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

As per Section 178 (5) of the Companies Act, 2013, the Board of Directors of the Company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during the financial year shall constitute a Stakeholders Relationship Committee. Since the Company does not have more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders the Company has not constituted the Stakeholders relationship Committee.

### **A. Name and Designation of Compliance Officer:**

Mr. Ranjit Kumar Samantaray - Chief Regulatory Officer

### **B. Details of Shareholders complaints received and redressed during the year:**

The Exchange had not received any complaints from its shareholders nor were there any unresolved complaints during the year.

## **6. Corporate Social Responsibility Committee:**

Since the net-worth of the Exchange is not ₹ 500 crores or more or turnover is not ₹ 1000 crores or more or net profit is not ₹ 5 crores or more during preceding three financial years, provisions of section 135 of the Companies Act, 2013 with respect to constitution of Corporate Social Responsibility Committee are not applicable to the Exchange.

**In addition to the above, the Company also has various other statutory Committees, viz.:**

1. Membership Regulation Committee
2. Trading and Surveillance committee
3. Membership Selection Committee
4. Disciplinary Action Committee
5. Investor Grievance Redressal Committee
6. Defaulters' Committee
7. Standing Committee on Technology
8. Sub Committee for Monitoring Compliances of suggestions given in SEBI inspection report.
9. Public Interest Directors' Committee
10. Investor Services Committee
11. Arbitration Committee
12. Ethics Committee
13. Selection Committee
14. Risk Management Committee
15. Oversight Committee for Product Design

## 7. GENERAL BODY MEETINGS:

### A. Details of Annual General Meetings held in last three years are as under:

Date & Time	Venue of the meeting	Special resolution(s) passed for
26.09.2016 11.30 A.M For FY 2015-2016	Conference Room, Indian Potash Limited, Postah Bhawan, 10B , Pusa Road, Rajendra Park, Rajinder Nagar, New Delhi - 110060.	1. Appointment of Mr. Sanjit Prasad as Managing Director and Chief Executive Officer ("MD & CEO") of the Company. 2. Increase in the Authorised Share Capital of the Company and consequent amendment to Clause V. of Memorandum of Association ("MOA") of the Company 3. Adoption of new set of Articles of Association of the Company.
30.09.2015 11.30 A.M For FY 2014-15	Conference Room, 1 <sup>st</sup> Floor, Gulmohar Park, B-16, Near National Institute of Fashion Technology (NIFT) / Siri Fort Auditorium, New Delhi-110049.	No Special Resolutions were passed.
30.06.2014 11.30 A.M For FY 2013-14	Global Agrisystem Pvt. Ltd. J-10, Green Park Main, New Delhi- 110016.	Appointment of Mr. Lav Chaturvedi as Whole-time Director of the Exchange.

### B. Details of Extra-ordinary General Meetings held in last three years are as under:

Date & Time	Venue of the meeting	Special resolution(s) passed for
23.06.2017 11:00 A.M for FY 2017-18	Indian Commodity Exchange Limited, Reliable Tech Park, 403-A, B-Wing, 4th Floor, Thane - Belapur Road, Airoli (E), Navi Mumbai - 400708.	Shifting of Registered Office of the Company from National Capital Territory (NCT) of Delhi to the state of Gujarat.
20.01.2016 5.00 P.M for FY 2015-16	Gulmohar Park, B-16, Near National Institute of Fashion Technology (NIFT) / Siri Fort Auditorium, New Delhi-110049.	Amendment of Articles of Association (AoA).

### C. Postal Ballot:

The Company has not passed any resolution by way of postal ballot during the financial year ended March 31, 2017 and no resolution is proposed to be conducted through postal ballot.

## 8. MEANS OF COMMUNICATION:

The Exchange disseminates all material information to its Shareholders through its website [www.icexindia.com](http://www.icexindia.com) The Exchange's website: [www.icexindia.com](http://www.icexindia.com) contains links to all important events and material information of the Exchange. The financials results, shareholding pattern, press releases, Annual Reports etc. appear on the Company's website.

## GENERAL SHAREHOLDER INFORMATION:

<b>Day, Date, Time and Venue of Annual General Meeting (2016-2017)</b>	9 <sup>th</sup> Annual General Meeting. Thursday, September 28, 2017 at 11.30 a.m. Indian Commodity Exchange Limited Office No. 109, 1 <sup>st</sup> Floor, Nodh No. 1158 to 63/65/9, Hat Faliyu, Mahidharpura, Surat, Gujarat - 395003.
<b>Financial year</b>	April 1, 2016 to March 31, 2017
<b>Dividend payment date</b>	Not Applicable
<b>Listing on Stock Exchanges</b>	The securities of the Company are not listed on any stock exchanges.
<b>Stock Market Code, Market Price Data and share price performance to broad based indices</b>	Not Applicable as the securities of the Company are not listed on any stock exchanges
<b>Registrars &amp; Share Transfer Agents</b>	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot Nos. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032 Telangana, India Tel: +91 40 3321 1500 Fax: +91 40 2300 1153 Toll Free No.: 1800 345 4001 Email: einward.ris@karvy.com
<b>Share transfer System</b>	Transfer of shares is done through depositories with no involvement of the Company.
<b>Dematerialization of Shares and liquidity</b>	All the equity shares of the Company as on March 31, 2017 are in dematerialized (electronic) form. Transfer of these shares is done through depositories with no involvement of the company.  ISIN of the equity shares of the Company is <b>INE678L01012</b> .
<b>Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.</b>	Not Applicable as the Exchange has not issued any GDRs/ADRs/Warrants or any Convertible instruments.
<b>Commodity price risk or foreign exchange risk and hedging activities.</b>	Not applicable.
<b>Exchange operations are located at</b>	Reliable Tech Park, 403-A, B-Wing, 4 <sup>th</sup> Floor, Thane - Belapur Road, Airoli, Navi Mumbai 400708.
<b>Address for Correspondence</b>	Reliable Tech Park, 403-A, B-Wing, 4 <sup>th</sup> Floor, Thane - Belapur Road, Airoli, Navi Mumbai 400708. Tel. No : +91-22-40381500 , Fax No. : +91-22-40381511

## 9. Distribution of Shareholding as on March 31, 2017:

Sr. no	Category	Shareholders		Shares held	
		No. of holders	% of Total	No. of shares	% of Total
1	Up to 1 - 5000	0	0	0	0
2	5001 - 10000	0	0	0	0
3	10001 - 20000	0	0	0	0
4	20001 - 30000	0	0	0	0
5	30001 - 40000	0	0	0	0
6	40001 - 50000	0	0	0	0
7	50001 - 100000	0	0	0	0
8	100001 & Above	22	100	33,50,00,000	100
	<b>Total</b>	<b>22</b>	<b>100</b>	<b>33,50,00,000</b>	<b>100.00</b>

## Shareholding Pattern as on March 31, 2017:

Sr. No	Category	No of Shareholder	No. of shares held	% of shareholding
(A)	<b>PROMOTER AND PROMOTER GROUP</b>	3	15,41,00,000	46.00
(B)	<b>PUBLIC SHAREHOLDING</b>	-	-	-
(a)	Financial Institutions /Banks	2	2,50,00,000	7.46
(b)	Bodies Corporate	7	9,05,75,000	27.04
(c)	Individuals	9	5,19,25,000	15.50
(d)	HUF	-	-	-
(e)	Trusts	-	-	-
(f)	Non-Resident Indian	-	-	-
(g)	<b>Others</b>	1	1,34,00,000	4.00
	<b>Total B</b>	19	18,09,00,000	54.00
	<b>Total (A+B)</b>	<b>22</b>	<b>33,50,00,000</b>	<b>100.00</b>

## 10. Other Disclosures:

### A. Disclosures on materially significant related party transactions:

The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. The Related Party Transactions Policy is hosted on the website of the Company and can be accessed at <http://www.icexindia.com/static/disclosures.aspx>. Further the Company does not have any subsidiary Company and hence policy on determining material subsidiaries is not adopted.

### B. Penalties or strictures imposed on the Company by SEBI or any statutory authority, on any matter related to the capital markets during the last three years:

Nil.

**C. Disclosure relating to Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee:**

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy is hosted on the website of the Company and can be accessed at <http://www.icexindia.com/static/disclosures.aspx> under the other disclosures tab. Further no personnel have been denied access to the Audit Committee.

**11. Management Discussion and Analysis Report:**

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of Directors Report.

**12. CEO Certification:**

The Certificate from CEO as required under Part D of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 containing declaration as to affirming compliance with the Code of Conduct, under SECC Regulations, 2012 for the financial year 2017-18 is attached at the end of this report.

**13. Practicing Company Secretary's certificate on Corporate Governance:**

The Practicing Company Secretary's certificate regarding the compliance of conditions of Corporate Governance is attached at the end of this report.

**14. Details of Compliance with mandatory and discretionary requirement:**

As per regulation 35 of SECC Regulations, 2012, the disclosure requirements and corporate governance norms as applicable to a listed entity are mutatis mutandis applicable to a recognized stock exchange. The Company has complied with the applicable mandatory requirements of Listing Regulation unless stated otherwise.

The Company has complied with the following discretionary requirements:

- a) The Internal Auditor of the Company reports directly to the Audit Committee.
- b) Separate posts of Chairman and CEO: The Company has separate posts of the Chairman and CEO.

**For and on behalf of the Board of Directors**

**Sd/-  
Ashok Sinha  
Chairman  
DIN: 00299600**

**Date: July 21, 2017  
Place: Navi Mumbai**

**DECLARATION REGARDING COMPLIANCE BY THE BOARD MEMBERS WITH THE  
CODE OF CONDUCT**

I hereby confirm that the Company has obtained from all the members of the Board, affirmation that they have complied with the Code of Conduct for Directors for the financial year 2016-17.

**Sd/-  
Sanjit Prasad  
Managing Director & CEO  
DIN : 03304097**

**Date : July 21, 2017  
Place : Navi Mumbai**

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)  
CERTIFICATION**

(Issued in accordance with the provisions of Regulation 35 of SECC Regulations 2012 read with  
Regulation 17(8) of the Listing Regulations)

To  
The Board of Directors  
Indian Commodity Exchange Limited

Dear Members of the Board,

We, Mr. Sanjit Prasad, Managing Director and Chief Executive Officer and Mr. Ghanashyam V Rao, Chief Financial Officer of Indian Commodity Exchange Limited, to the best of our knowledge and belief certify that:

- A. We have reviewed the financial statement and cash flow statement for the financial year ended March 31, 2017 and to the best of our knowledge and belief:
  - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violative of the entity's code of conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control system of the company, pertaining to the financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and Audit Committee:
  - (1) Significant changes, in internal control over financial reporting during the period;
  - (2) Significant changes in accounting policies made during the period and that the same have been disclosed in the notes to the financial statements; and

(3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

	Sd/-	Sd/-
Navi Mumbai	Mr. Ghanashyam V Rao	Mr. Sanjit Prasad
April 22, 2017	Chief Financial Officer	Managing Director & CEO

## CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**To the Members,  
Indian Commodity Exchange Limited**

We have examined the compliance of conditions of Corporate Governance by Indian Commodity Exchange Limited (hereinafter “the Company”), for the year ended March 31, 2017 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as “SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015, to the extent practical and applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For G. S. Shetty & Associates  
Company Secretaries**

**Sd/-  
CS. Ganesha Sanjeeva Shetty  
Proprietor  
M.No.: F7904  
COP : 7729**

Date: 10/07/2017  
Place: Mumbai.

## Independent Auditors' Report

To the Members  
**Indian Commodity Exchange Limited**

### I. Report on the Financial Statements

We have audited the attached financial statements of **Indian Commodity Exchange Limited** (hereinafter referred to as the Company), comprising of the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

### II. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 (hereinafter referred to as the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### III. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

#### IV. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and its Loss and its cash flows for the year ended on that date.

#### V. **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the **Annexure-1** a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable to the Company during the year under review.
2. Further to our comments in the Annexure referred to in 1. above as per the requirements of Section 143(3) of the Act, we report as follows:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of written representations received from the respective directors as on 31<sup>st</sup> March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
- (f) With respect to the adequacy of the Internal Financial Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure -2** ;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i) the Company does not have any pending litigations which would impact its financial position;
  - ii) the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv) the Company has provided requisite disclosure in the financial statements relating to holdings as well as dealing in Specified Bank Notes during the period from 08<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. The Company did not have any holdings or dealings as per the requirements of MCA Notification dated G. S. R. 308(E) dated 30<sup>th</sup> March, 2017.

**For S M M P & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**Chintan Shah**  
Partner  
Membership No. 166729

Mumbai, dated 22<sup>nd</sup> April, 2017.

## **Annexure -1 to the Auditors' Report** *(Referred to in paragraph V(1) of our report of even date)*

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under:

1. **Fixed Assets**

The Company has maintained proper records in respect of its fixed assets. Based on the physical verification reports produced before us, in our opinion, the said assets have been physically verified by the management at phased manner. We were explained that no discrepancies were noted upon the comparison of the physical balances with the books of the Company. The Company does not own/hold any immovable property during the year under review.

2. **Inventory**

There was no inventory with the Company at any time during the year.

3. **Loans to parties of Directors' interest**

During the year, the Company has not granted any loans, secured or unsecured to the parties covered in the register maintained under Section 189 of the Act.

4. **Loans/Guarantees/Investments in / Provision of Security to certain parties**

As per the records of the Company, during the year, the Company has not given any loans /guarantees to or made any investments or provided any security within the purview of the Sections 185 and 186 of the Act.

5. **Acceptance of Deposits**

According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

6. **Maintenance of Cost Records**

As explained to us, maintenance of cost records has not been prescribed by the Central Government for the Company under Section 148(1) of the Act.

7. **Undisputed & Disputed Statutory Dues**

(a) According to the information and explanations given to us and as per the records verified by us, the Company has been regular in depositing undisputed statutory dues involving Income Tax, Provident Fund dues, Professional Tax, Value Added Tax and Service Tax with the appropriate authorities and there were no arrears under the above heads which were due for more than six months from the date they become payable as at the close of the year. Keeping in view the present operations of the Company, statutes relating to Employees' State Insurance, Sales-tax, Custom

Duty, Excise Duty and Cess are not applicable to the Company during the year under review.

- (a) b) According to the information and explanations given to us, according to the books and records examined by us, the particulars of dues of income tax as at 31<sup>st</sup> March 2017 which has not been provided in the books company.

Name of the statute	Nature of dues	Amount as per the order	Amount paid	Forum where the dispute is pending
The Income Tax Act, 1961	Matter in appeal for A.Y. 2011-12	Rs. 27.72 Cr	Nil	Income Tax Appellate Tribunal (CIT)
	Matter in appeal for A.Y. 2012-13	Rs. 5.02 Cr	Nil	Income Tax Appellate Tribunal (CIT)
	Matter in Appeal for A.Y. 2013-14	Rs. 3.74 Cr	Nil	Commissioner of Income Tax (Appeals) (CIT)

#### 8. Loans from Banks/Financial Institutions/ Government/Debentures

As per the records verified by us, the Company has not availed any loan/facility from banks/financial institutions/Government and hence the question of default in repayment of the same does not arise. Further, no amounts were borrowed by the Company through Debentures.

#### 9. Proceeds of Public issue (including debt instruments) /Term Loans

The Company has not raised any money during the year through initial / further public offer (including debt instruments). Also, the Company has not availed any term loans during the current or earlier years and hence the matter of application of the same doesn't arise.

#### 10. Frauds on or by the Company

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company or its officers, noticed or reported during the year, nor have we been informed of such case by the management.

#### 11. Managerial Remuneration

In our opinion, the Company has paid Managerial remuneration within the meaning of Section 197 read with Schedule V to the Companies Act, 2013 during the year under review.

12. **Nidhi Companies**

The Company is not a Nidhi company during the year under review and hence, the criteria as stipulated under Nidhi Rules 2014 are not applicable to the Company.

13. **Related Party Transactions**

As per the information and explanations given during the course of our verification, in our opinion, all transactions with the related parties made by the Company were in compliance with Sections 177 and 188 of the Act, to the extent applicable to the Company during the year. The relevant details in respect of the same have been appropriately disclosed as per the requirements of the Accounting Standard.

14. **Preferential Issue**

During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures and hence the requirements of Section 42 of the Act are not applicable.

15. **Non-cash Transactions with Directors, etc.**

As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act are not applicable.

16. **Provisions of 45-IA of the Reserve Bank of India Act,1934**

As per the information and explanations provided to us and based on the overall operations of the Company, during the year, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

**For S M M P & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**Chintan Shah**  
Partner  
Membership No. 166729

Mumbai, dated 22<sup>nd</sup> April, 2017

**Annexure-2 to the Independent Auditor's Report of even date on the financial statements of Indian Commodity Exchange Ltd.**

**Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Indian Commodity Exchange Ltd.**("the Company")as of March 31, 2017 in conjunction with our audit of the financial statements of the Company comprising of the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended.

**Management's Responsibility for Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by the ICAI deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting:**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting:**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion:**

In our opinion, subject to a few areas in which improvement, as discussed and agreed with the management, is required, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S M M P & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**Chintan Shah**  
Partner  
Membership No. 166729

Mumbai, dated 22nd April 2017

**Indian Commodity Exchange Limited**

**Balance Sheet as at March 31, 2017**

	Note No.	As at March 31, 2017 Amount (₹)	As at March 31, 2016 Amount (₹)
<b>I. Equity &amp; Liabilities</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	3	1,67,50,00,000	1,00,00,00,000
(b) Reserves and Surplus	4	(53,54,99,263)	(96,19,14,942)
<b>(2) Share application money pending allotment</b>	5	-	25,00,00,000
<b>(3) Settlement guarantee fund</b>	6	10,34,95,805	-
<b>(4) Non-current liabilities</b>			
Long-term Provisions	7	29,08,053	6,02,241
<b>(5) Current liabilities</b>			
(a) Trade Payables	8	64,41,830	61,50,543
(b) Other Current Liabilities	9	1,36,71,591	60,41,245
(c) Short-term Provisions	10	7,04,86,052	8,17,13,059
<b>Total</b>		<b><u>1,33,65,04,068</u></b>	<b><u>38,25,92,146</u></b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		1,70,70,940	41,91,848
(ii) Intangible Assets		1,04,01,948	1,60,717
(b) Long Term Loans and Advances	12	25,91,200	22,34,400
(c) Other non current assets	13	-	1,21,081
<b>(2) Current assets</b>			
(a) Current Investments	14	81,80,96,447	-
(b) Trade Receivables	15	-	-
(c) Cash and Bank Balances	16	35,79,13,446	28,57,32,626
(d) Short-term Loans and Advances	17	11,98,33,261	8,63,54,181
(e) Other Current Assets	18	1,05,96,826	37,97,293
<b>Total</b>		<b><u>1,33,65,04,068</u></b>	<b><u>38,25,92,146</u></b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S M M P & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**For and on behalf of the Board of Directors of  
Indian Commodity Exchange Limited**

Sd/-

**Chintan Shah**  
Partner  
Membership No. 166729  
Mumbai , April 22, 2017

Sd/-

**Ashok Sinha**  
Chairman  
DIN:00299600  
Mumbai , April 22, 2017

Sd/-

**Sanjit Prasad**  
Managing Director and  
Chief Executive Officer  
DIN: 03304097  
Mumbai , April 22, 2017

Sd/-

**Ghanashyam V. Rao**  
Chief Financial Officer  
Mumbai , April 22, 2017

Sd/-

**Ameya Paranjape**  
Company Secretary  
Mumbai , April 22, 2017

**Indian Commodity Exchange Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

	Note No.	For the year ended March 31, 2017 Amount (₹)	For the year ended March 31, 2016 Amount (₹)
<b>I. Income</b>			
Revenue from Operations	19	1,30,23,697	40,870
Other Income	20	3,01,15,925	70,95,320
<b>Total Revenue</b>		<b><u>4,31,39,622</u></b>	<b><u>71,36,190</u></b>
<b>II. Expenses</b>			
Operating Costs	21	7,14,62,286	3,23,40,004
Employee benefit expenses	22	6,85,14,948	2,50,09,964
Financial Costs	23	96,859	8,716
Depreciation	11	54,78,177	52,36,650
Other Expenses	24	4,61,71,673	1,91,03,959
<b>Total Expenses</b>		<b><u>19,17,23,943</u></b>	<b><u>8,16,99,293</u></b>
<b>III. Profit / (loss) before prior period, exceptional and extraordinary items and tax (I-II)</b>		(14,85,84,321)	(7,45,63,103)
<b>IV. Prior Period Items</b>		-	-
<b>V. Profit/ (loss) before exceptional and extraordinary items and tax (III-IV)</b>		(14,85,84,321)	(7,45,63,103)
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit / (loss) before extraordinary items and tax (V-VI)</b>		(14,85,84,321)	(7,45,63,103)
<b>VIII. Extraordinary items</b>		-	-
<b>IX. Profit / (loss) before tax (VII-VIII)</b>		(14,85,84,321)	(7,45,63,103)
<b>X. Tax expense:</b>		-	-
<b>XI. Profit / (loss) for the year (IX-X)</b>		<b><u>(14,85,84,321)</u></b>	<b><u>(7,45,63,103)</u></b>
Earnings per Share - Basic (₹)	32	(0.58)	(0.37)
- Diluted (₹)		(0.58)	(0.37)
Face Value Per Share (₹)		5.00	5.00

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S M M P & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

**For and on behalf of the Board of Directors of  
Indian Commodity Exchange Limited**

Sd/-

**Chintan Shah**  
Partner  
Membership No. 166729  
Mumbai , April 22, 2017

Sd/-  
**Ashok Sinha**  
Chairman

DIN:00299600  
Mumbai , April 22, 2017

Sd/-  
**Ghanashyam V. Rao**  
Chief Financial Officer  
Mumbai , April 22, 2017

Sd/-  
**Sanjit Prasad**  
Managing Director and  
Chief Executive Officer  
DIN: 03304097  
Mumbai , April 22, 2017

Sd/-  
**Ameya Paranjape**  
Company Secretary  
Mumbai , April 22, 2017

Cash Flow Statement for the year ended March 31, 2017

	For the year ended March 31, 2017 Amount (₹)	For the year ended March 31, 2016 Amount (₹)
<b>A Cash flows from operating activities :</b>		
Profit / (loss) before prior period, exceptional and extraordinary items and tax	(14,85,84,321)	(7,45,63,103)
Adjustments for:		
Depreciation	54,78,177	52,36,650
Gratuity and leave encashment expenses	23,32,316	4,22,936
Interest income on fixed deposits	(2,16,89,147)	(58,11,949)
Loss on disposal of tangible fixed assets (including assets written off)	-	58,369
Dividend on units of mutual funds	(19,87,681)	(57,830)
Excess provisions written back	(9,54,494)	(12,02,484)
Profit on redemption of units of mutual funds	(87,67,257)	-
<b>Operating Profit / (loss) before working capital changes</b>	<b>(17,41,72,407)</b>	<b>(7,59,17,411)</b>
Working capital changes:		
Decrease /(increase) in trade receivables	-	16,07,958
(Increase)/decrease in short term loans and advances	(3,29,11,304)	(2,42,04,604)
(Increase)/decrease in other current assets	20,49,946	-
(Increase)/decrease in long term loans and advances	(3,56,800)	(22,78,282)
(Increase)/decrease in current investments	(81,80,96,447)	-
(Decrease) / increase in trade payables	2,91,287	(75,343)
(Decrease) / increase in long term and short term provisions	(1,12,53,511)	(30,527)
Increase/(decrease) in other current liabilities	85,84,840	1,36,23,936
<b>Cash generated from / (used in) operations</b>	<b>(1,02,58,64,396)</b>	<b>(8,72,74,273)</b>
Taxes paid	(5,67,776)	(28,54,503)
<b>Net cash generated from / (used in) operating activities</b>	<b>(1,02,64,32,172)</b>	<b>(9,01,28,776)</b>
<b>B Cash flows from investing activities</b>		
(Purchase) / Sale of fixed assets (net)	(2,85,98,500)	(40,83,273)
Interest received on fixed deposits	1,29,60,749	49,83,031
Dividend received on units of mutual funds	19,87,681	57,830
Interest received on fixed deposits of SGF & penalties collected	34,95,805	(4,26,74,721)
Fixed deposit receipt with original maturity for more than 12 months	(23,12,35,026)	7,30,51,559
Proceeds from redemption of units of mutual funds (net)	87,67,257	-
<b>Net cash generated from / (used in) investing activities</b>	<b>(23,26,22,034)</b>	<b>3,13,34,426</b>
<b>C Cash flows from financing activities</b>		
Share application money	(25,00,00,000)	25,00,00,000
Equity share capital and premium on equity share	1,35,00,00,000	-
<b>Net cash generated from / (used in) financing activities</b>	<b>1,10,00,00,000</b>	<b>25,00,00,000</b>
<b>D Net increase/(decrease) in cash and cash equivalents ( A+B+C )</b>	<b>(15,90,54,206)</b>	<b>19,12,05,650</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>26,19,67,652</b>	<b>7,07,62,002</b>
<b>F Cash and cash equivalents at the close of the year ( D + E )</b>	<b>10,29,13,446</b>	<b>26,19,67,652</b>

Note:

The above cash flow statement has been prepared under the " Indirect Method " as set out in Accounting Standard (AS) - 3 'cash flow statements' notified under the Companies (Accounting Standards) Rules, 2006, as amended.

**Indian Commodity Exchange Limited**

**Cash Flow Statement for the year ended March 31, 2017 (continued)**

	<b>For the year ended March 31, 2017 Amount (₹)</b>	<b>For the year ended March 31, 2016 Amount (₹)</b>
<u>Note :</u>		
2 Cash and cash equivalents as at the close of the year comprise:		
Cash and Bank Balances (Refer note 16)		
Cash on Hand	15,295	46
Balances with scheduled banks		
In Current Accounts	30,98,151	25,19,66,606
In Fixed Deposit Accounts with original maturity of less than three months	9,98,00,000	1,00,01,000
<b>Cash and cash equivalents</b>	<b>10,29,13,446</b>	<b>26,19,67,652</b>
In Fixed Deposit Accounts with original maturity for more than 3 months but less than 12 months	25,50,00,000	2,37,64,974
	<b>35,79,13,446</b>	<b>28,57,32,626</b>
	-	-

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S M M P & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

Sd/-

**Chintan Shah**  
Partner  
Membership No. 166729  
Mumbai , April 22, 2017

**For and on behalf of the Board of Directors of  
Indian Commodity Exchange Limited**

Sd/-

**Ashok Sinha**  
Chairman  
  
DIN:00299600  
Mumbai , April 22, 2017

Sd/-

**Sanjit Prasad**  
Managing Director and  
Chief Executive Officer  
DIN: 03304097  
Mumbai , April 22, 2017

Sd/-

**Ghanashyam V. Rao**  
Chief Financial Officer  
Mumbai , April 22, 2017

Sd/-

**Ameya Paranjape**  
Company Secretary  
Mumbai , April 22, 2017

## **Indian Commodity Exchange Limited**

### **Notes forming part of financial statements as at March 31, 2017**

#### **1. Corporate Information**

Indian Commodity Exchange Limited ("ICEX" or "The Company" or "The Exchange") regulated by Securities and Exchange Board of India ("SEBI") is a deemed Recognised Stock Exchange under the SCRA, 1956 in terms of Section 131[B] of Finance Act, 2015 pursuant to the Central Government notification dated August 28, 2015 providing a nation-wide on-line trading platform in commodity derivatives. SEBI has given 'In- principle approval' to re-start the Exchange. ICEX is engaged in the business of commodity exchange by way of facilitating and managing nationwide trading in commodities in India through its online exchange trading platform. The Exchange has received approval to launch Diamond, Light Sweet and Brent Crude Oil futures contracts.

During the year the Company has increased the Authorised Share capital by 10,00,00,000 Equity Shares of face value of ₹ 5/- each vide resolution of shareholders dated September 26, 2016. The Exchange successfully completed two rights issue in during the year and raised ₹ 50 crores and ₹ 85 crores respectively. Both the rights were at a premium of ₹ 5 per share with face value of ₹ 5 per share.

#### **2. Summary of Significant Accounting Policies:**

##### **a) Basis of accounting and preparation of financial statements:**

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India ("GAAP") and in compliance with Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006, as amended. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### **b) Use of Estimates:**

The presentation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements. Differences between the actual results and estimates are recognised in the year in which the results are known / materialized

##### **c) Tangible assets:**

Tangible assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition including incidental expenses related to the acquisition and installation of the respective assets.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss as and when the asset is derecognised.

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at March 31, 2017

#### d) Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### e) Depreciation on assets

Depreciation on tangible assets is provided as per the manner prescribed in Schedule II to The Companies Act, 2013. Leasehold improvements are depreciated over the unexpired period of respective leases.

Depreciation on additions / deletions to tangible assets is provided on pro-rata basis from / till the date the asset is put to use / discarded. Individual assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

Intangible assets are amortised on a straight line basis over the estimated useful economic life, from the date the assets are available for use, as mentioned below:

Description of asset	Estimated useful life
Software	Four years

The Company provides pro-rata depreciation from the day the asset is ready to use and for any asset sold, till the date of sale.

#### f) Impairment of Assets:

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the re-assessed recoverable amount. Impairment losses previously recognised are accordingly reversed.

#### g) Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of Cost and Fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

## **Indian Commodity Exchange Limited**

### **Notes forming part of financial statements as at March 31, 2017**

#### **h) Revenue Recognition:**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Admission fees collected from new members for joining the exchange are recognized when received and the member is approved by membership committee as income of the period in which the same is approved. Processing and other fees collected from members are recognized on receipt basis.
- (ii) Revenue from Transaction fees is determined based on underlying trades and are accrued on the trade date of the underlying transactions.
- (iii) Income from Annual Subscription Fee and other membership charges are recognised on accrual basis.
- (iv) Income from Connectivity charges is recognised on accrual basis over the period during which connectivity services are provided to the members of the Exchange.
- (v) Interest income is recognised on accrual basis.
- (vi) Dividend income on units of Mutual Funds is recognised when the right to receive dividend is unconditionally established by the reporting date.
- (vii) Profit / loss on sale of investments are recognised as the difference between the sale proceeds and the carrying amount of investments.
- (viii) Income from Penalty charges, to the extent permissible to be retained by the Company, is recognised as income, on accrual basis.

#### **i) Foreign Currency Transactions:**

##### **(i) Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### **(ii) Conversion:**

Foreign currency monetary items are converted at the year end to the reporting currency using the closing rates at the reporting date. Non monetary items which are carried at historical cost denominated in foreign currency are reported at cost using the exchange rate as at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

##### **(iii) Exchange Differences:**

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or expense in the year in which they arise except those arising from non-integral operations.

Exchange differences arising on a monetary item that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or expense.

## **Indian Commodity Exchange Limited**

### **Notes forming part of financial statements as at March 31, 2017**

#### **j) Taxes on Income:**

Taxes on income are accounted for in accordance with Accounting Standard 22 “Accounting for Taxes on Income”, (AS 22). Tax expense comprises of current tax and deferred tax.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with the relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates as on the Balance Sheet date, to the extent that the timing differences are expected to crystallise.

Deferred Tax Assets are recognised where realisation is reasonably certain, whereas, in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation supported with convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

#### **k) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of the asset. All other borrowing costs are charged to revenue.

#### **l) Provisions, contingent liabilities and contingent assets:**

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent liability is disclosed for:

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

#### **m) Earnings per share**

In determining basic earnings per share, the Company considers the net profit / (loss) after tax and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### **n) Employee Benefits:**

The Company’s contribution to Provident Fund is charged to the Statement of profit and loss for the year when the contributions are due. The Company has unfunded defined benefit plans namely, Compensated Absences and Gratuity for all the employees, the liability for which is determined on the basis of actuarial valuation on yearly basis using Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in Statement of Profit and Loss.

Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the Statement of Profit and Loss.

#### **o) Leases:**

In case of operating lease, the lease rentals are charged to the Statement of profit and loss in accordance with Accounting Standard (AS) 19 – Leases as notified by the Companies (Accounting Standards) Rules, 2006.

**Indian Commodity Exchange Limited**

**Notes forming part of financial statements as at March 31, 2017**

	<b>As At March 31, 2017 Amount (₹)</b>	<b>As At March 31, 2016 Amount (₹)</b>
<b>3 Share Capital</b>		
<u>Authorised:</u>		
35,00,00,000 (Previous Year: 25,00,00,000) Equity Shares of face value of ₹ 5/- each	1,75,00,00,000	1,25,00,00,000
<u>Issued, subscribed and paid up:</u>		
33,50,00,000 (Previous Year: 20,00,00,000) Equity Shares of face value of ₹ 5/- each	1,67,50,00,000	1,00,00,00,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,67,50,00,000</b>	<b>1,00,00,00,000</b>

The Company has increased the authorised share capital by 10,00,00,000 Equity Shares of face value of ₹ 5/- each vide resolution of share holders dated September 26, 2016.

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

**Equity Shares**

<b>Particulars</b>	<b>As at March 31, 2017</b>		<b>As at March 31, 2016</b>	
	<b>No. of shares</b>	<b>Amount (₹)</b>	<b>No. of shares</b>	<b>Amount (₹)</b>
Shares outstanding at beginning of the reporting period	20,00,00,000	1,00,00,00,000	20,00,00,000	1,00,00,00,000
Shares Issued during the year	13,50,00,000	67,50,00,000	-	-
<b>Shares Outstanding at end of the reporting period</b>	<b>33,50,00,000</b>	<b>1,67,50,00,000</b>	<b>20,00,00,000</b>	<b>1,00,00,00,000</b>

**b. Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of Shareholders holding more than 5% shares in the Company**

<b>Name of the Shareholder</b>	<b>As at March 31, 2017</b>		<b>As at March 31, 2016</b>	
	<b>No. of shares</b>	<b>% of Holding</b>	<b>No. of shares</b>	<b>% of Holding</b>
Equity share of ₹ 5 each fully paid up				
Shareholders having more than 5 % shares in the Company as follows:				
Reliance Exchangenext Limited	8,71,00,000	26.00%	5,20,00,000	26.00%
Indiabulls Housing Finance Limited	3,50,00,000	10.45%	2,80,00,000	14.00%
MMTC Limited	3,20,00,000	9.55%	3,20,00,000	16.00%
Abhinay Trading Private Limited	2,80,00,000	8.36%	2,80,00,000	14.00%
Indian Potash Limited	2,68,00,000	8.00%	2,00,00,000	10.00%

As per records of the Company, including its register of members/shareholders, and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes forming part of financial statements as at March 31, 2017

- d. In terms of the Guidelines for Grant of Recognition to new National Commodity Exchange under the provisions of the Forward Contracts (Regulation) Act, 1952, dated May 14, 2008, issued by Forward Market Commission (FMC), the Investment in the initial paid up capital of the Company by its shareholders was subject to a lock-in period of three years from the date of recognition (October 9, 2009) of the Exchange. As at March 31, 2010, Indiabulls Housing Finance Limited (“IHFL”) held 40% of the outstanding paid up equity share capital of the Company. In terms of the applicable guidelines issued by the FMC, Indiabulls Housing Finance Limited (“IHFL”) was required to dilute its shareholding to bring it down to 26% or below of the paid up equity share capital, within two years beginning with the fourth year from the date of recognition of the Exchange.

Pursuant to the Company’s application, Government of India and Forward Market Commission granted their approval vide their letters dated September 23, 2010 and October 04, 2010 respectively, for the transfer by Indiabulls Housing Finance Limited (“IHFL”) of 52,000,000 equity shares representing 26% of the outstanding paid up equity share capital of the Company to Reliance Exchangenext Limited. The said transfer of shares was concluded on December 13, 2010. The aforesaid approval from Government of India and Forward Markets Commission are subject to the following conditions: -

(a) that three years lock-in period condition shall apply to the new anchor investor, Reliance Exchangenext Limited (“R-NEXT”) afresh with effect from the date of Government approval, i.e., September 23, 2010;

(b) that in case MMTC Ltd, which now becomes co-anchor investor, exercises its right to stake a claim to 14% in the Exchange from IHFL in pursuance to its right to first refusal, IHFL will be bound to transfer its remaining 14% to MMTC Ltd at the same price at which it has been offered to Reliance Exchangenext.

On October 21, 2011, MMTC Ltd submitted a petition before the Company Law Board, New Delhi, in terms of Sections 397, 398, 402 and 403 of the Companies Act, 1956, seeking declaration of the aforesaid transfer of shares as void, injunction and investigation into the affairs of the Company and appointment of Administrative Special Officer, Auditor, etc. Subsequently the Company has submitted its response to the aforesaid petition before the Honourable Company Law Board on February 10, 2012 refuting and denying the purported allegations against the Exchange. During FY 15-16, MMTC sold 10% of its stake to outside investors at ₹ 10 per shares (Including premium of ₹ 5 per share)

	As At March 31, 2017 Amount (₹)	As At March 31, 2016 Amount (₹)
<b>4 Reserves &amp; Surplus</b>		
Securities Premium Account	67,50,00,000	-
(A)	<u><b>67,50,00,000</b></u>	<u>-</u>
<b>Deficit in the Statement of Profit &amp; Loss</b>		
Balance of Loss brought forward	(96,19,14,942)	(1,00,98,86,535)
Loss for the current year	(14,85,84,321)	(7,45,63,103)
Withdrawal / (Contribution) of Settlement Guarantee Fund *	(10,00,00,000)	12,25,34,696
(B)	<u><b>(1,21,04,99,263)</b></u>	<u><b>(96,19,14,942)</b></u>
<b>Total Appropriations</b>	(C) -	-
(A+B+C)	<u><b>(53,54,99,263)</b></u>	<u><b>(96,19,14,942)</b></u>
<b>5 Share Application Money Pending Allotment</b>	-	25,00,00,000
As per Balance Sheet	<u>-</u>	<u><b>25,00,00,000</b></u>

\* The Company reinstated the Settlement Guarantee Fund (SGF) by initial contribution of ₹ 10,00,00,000 to comply with the requirement of in principle approval to start of trading operation of Exchange by SEBI its vide dated September 28, 2016.

FMC has directed the Exchange vide its letter dated May 22, 2015 to refund all Base Minimum Capital (BMC) and Trade Margin Capital (TMC) to the members. The management has complied to the same and responded to FMC.

**Indian Commodity Exchange Limited**

Notes forming part of financial statements as at March 31, 2017

	As At March 31, 2017 Amount (₹)	As At March 31, 2016 Amount (₹)
<b>6 Settlement Guarantee Fund (SGF)</b>		
Opening Balance	-	11,78,36,587
- Company's Contribution*	10,00,00,000	-
- Dividend income on investment	27,734	-
- Interest income	34,68,071	12,63,602
	<u>10,34,95,805</u>	<u>11,91,00,189</u>
- Withdrawal for fund **	-	(11,91,00,189)
<b>As per Balance Sheet</b>	<b><u>10,34,95,805</u></b>	<b><u>-</u></b>
<p>* The Company reinstated the Settlement Guarantee Fund (SGF) by initial contribution of ₹ 10,00,00,000 to comply with the requirement of in-principle approval to start of trading operation of Exchange by SEBI its vide dated September 28, 2016.</p> <p>** FMC has directed the Exchange vide its letter dated May 22, 2015 to refund all Base Minimum Capital (BMC) and Trade Margin Capital (TMC) to the members. The management has complied to the same and responded to FMC.</p>		
<b>7 Long term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	15,82,078	4,08,999
Provision for compensated absences	13,25,975	1,93,242
<b>As per Balance Sheet</b>	<b><u>29,08,053</u></b>	<b><u>6,02,241</u></b>
<b>8 Trade Payables</b>		
Trade Payables		
(a) Dues to Micro and Small Enterprises	-	-
(b) Dues to others	64,41,830	61,50,543
<b>As per Balance Sheet</b>	<b><u>64,41,830</u></b>	<b><u>61,50,543</u></b>
<b>9 Other Current Liabilities</b>		
Amount received from members and applicants towards -		
- Application money pending admission	60,04,925	11,05,348
- Advance Payments for which services yet to be given	5,97,500	-
Investor Protection Fund	5,07,31,982	1,69,83,692
Less: Amounts deposited and kept in designated bank account, Mutual Fund & Fixed Deposit towards Investor Protection Fund	<u>5,07,31,982</u>	<u>1,69,68,032</u>
	-	15,660
Statutory Liabilities -		
Service tax payable	2,07,669	-
Tax deducted at source	33,68,135	14,78,139
Professional Tax	10,200	8,600
Maharashtra Value Added Tax	8,302	45,035
Other liabilities	34,74,860	33,88,463
<b>As per Balance Sheet</b>	<b><u>1,36,71,591</u></b>	<b><u>60,41,245</u></b>

	As At March 31, 2017 Amount (₹)	As At March 31, 2016 Amount (₹)
<b>10 Short Term Provisions</b>		
Provision towards expenses	5,49,38,121	6,61,89,293
Provision on surrender of memberships	1,55,14,075	1,55,14,075
Provision for gratuity	10,568	5,874
Provision for compensated absences	23,288	3,817
<b>As per Balance Sheet</b>	<b><u>7,04,86,052</u></b>	<b><u>8,17,13,059</u></b>

**11 Fixed Assets**

**a) Tangible assets**

	Furniture and fixtures	Leasehold Improvements	Computers	Office Equipment	Amount (₹) Total
<b>Cost or valuation</b>					
Opening balance	2,27,007	-	6,54,83,060	27,77,640	<b>6,84,87,707</b>
Additions	28,68,757	1,01,44,333	12,69,907	35,19,905	<b>1,78,02,902</b>
Disposal	-	-	53,823	45,900	<b>99,723</b>
<b>As at March 31, 2017</b>	<b><u>30,95,764</u></b>	<b><u>1,01,44,333</u></b>	<b><u>6,66,99,144</u></b>	<b><u>62,51,645</u></b>	<b><u>8,61,90,886</u></b>
<b>Depreciation</b>					
Opening balance	95,684	-	6,22,91,345	19,08,830	<b>6,42,95,859</b>
Charge for the year	3,36,662	21,39,882	15,11,537	9,35,729	<b>49,23,810</b>
Disposal during the year	-	-	53,823	45,900	<b>99,723</b>
<b>As at March 31, 2017</b>	<b><u>4,32,346</u></b>	<b><u>21,39,882</u></b>	<b><u>6,37,49,059</u></b>	<b><u>27,98,659</u></b>	<b><u>6,91,19,946</u></b>
<b>Net Block</b>					
<b>As at March 31, 2016</b>	<b>1,31,323</b>	<b>-</b>	<b>31,91,715</b>	<b>8,68,810</b>	<b>41,91,848</b>
<b>As at March 31, 2017</b>	<b>26,63,418</b>	<b>80,04,451</b>	<b>29,50,085</b>	<b>34,52,986</b>	<b>1,70,70,940</b>

**b) Intangible assets**

	Software	Total
<b>Cost or valuation</b>		
Opening balance	5,99,37,258	<b>5,99,37,258</b>
Additions	1,07,95,598	<b>1,07,95,598</b>
<b>As at March 31, 2017</b>	<b><u>7,07,32,856</u></b>	<b><u>7,07,32,856</u></b>
<b>Amortisation</b>		
Opening balance	5,97,76,541	5,97,76,541
Charge for the year	5,54,367	<b>5,54,367</b>
<b>As at March 31, 2017</b>	<b><u>6,03,30,908</u></b>	<b><u>6,03,30,908</u></b>
<b>Net Block</b>		
<b>As at March 31, 2016</b>	<b>1,60,717</b>	<b>1,60,717</b>
<b>As at March 31, 2017</b>	<b>1,04,01,948</b>	<b>1,04,01,948</b>

**Indian Commodity Exchange Limited**

Notes forming part of financial statements as at March 31, 2017

	As At March 31, 2017 Amount (₹)	As At March 31, 2016 Amount (₹)
<b>12 Long Term Loans and Advances</b>		
Security deposit (Unsecured, considered good)	25,91,200	22,34,400
<b>As per Balance Sheet</b>	<u><u>25,91,200</u></u>	<u><u>22,34,400</u></u>
<b>13 Other Non-current Assets</b>		
(Unsecured, considered good)		
Prepaid expenses (more than 12 months)	-	1,21,081
<b>As per Balance Sheet</b>	<u><u>-</u></u>	<u><u>1,21,081</u></u>
<b>14 Current Investments</b>		
<b>Investment in Mutual Funds: (Non-trade)</b>		
(At cost and fair value which is lower)		
<b>Unquoted Mutual Funds</b>		
- SBI Premier Liquid Fund - Dir - Growth	11,10,66,028	-
No. of Units: 43,698.83 (Previous Year: Nil)		
NAV: Rs. 2552.31 (Previous Year: Nil) per unit		
- HDFC Liquid Fund -Dir- Growth	18,00,00,000	-
No. of Units: 56,335.82 (Previous Year: Nil)		
NAV: Rs. 3,208.91 (Previous Year: Nil) per unit		
- Birla Sun Life Cash Plus Fund - Dir - Growth	16,70,30,419	-
No. of Units: 6,41,896.60 (Previous Year: Nil)		
NAV: Rs. 261.30 (Previous Year: Nil) per unit		
- Reliance Liquid Fund Cash Plan- Dir - Growth	18,00,00,000	-
No. of Units: 68,861.52 (Previous Year: Nil)		
NAV: Rs. 2,625.26 (Previous Year: Nil ) per unit		
- ICICI Prudential Liquid -Dir- Growth	18,00,00,000	-
No. of Units: 7,50,997.26 (Previous Year: Nil)		
NAV: Rs. 240.71 (Previous Year: Nil ) per unit		
<b>As per Balance Sheet</b>	<u><u>81,80,96,447</u></u>	<u><u>-</u></u>
Aggregate amount of unquoted investments	82,16,01,004	-
<b>15 Trade Receivables</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered doubtful	40,14,831	40,26,067
Provision for doubtful debts	<u>(40,14,831)</u>	<u>(40,26,067)</u>
<b>As per Balance Sheet</b>	<u><u>-</u></u>	<u><u>-</u></u>

**Indian Commodity Exchange Limited**

Notes forming part of financial statements as at March 31, 2017

	<b>As At March 31, 2017 Amount (₹)</b>	<b>As At March 31, 2016 Amount (₹)</b>
<b>16 Cash and Bank Balances</b>		
Cash and Cash Equivalents		
Cash on Hand ( Refer note 42)	15,295	46
Balances with scheduled banks *		
In Current Accounts	30,98,151	25,19,66,606
In Deposits with original maturity of less than three months	9,98,00,000	1,00,01,000
Sub-total (A)	<u>10,29,13,446</u>	<u>26,19,67,652</u>
Other bank balances :		
Deposits with original maturity for more than 3 months but less than 12 months	25,50,00,000	2,37,64,974
Sub-total (B)	<u>25,50,00,000</u>	<u>2,37,64,974</u>
<b>As per Balance Sheet (A + B )</b>	<b><u>35,79,13,446</u></b>	<b><u>28,57,32,626</u></b>
* The amount includes ₹ 27,734 (Previous year: Nil) as in Current Account and ₹ 10,00,00,000 (Previous year: Nil) as in deposit with banks (Fixed deposits) created and earmarked for Settlement Guarantee Fund.		
<b>17 Short Term Loans and Advances</b>		
<b>Capital Advances</b>		
Unsecured, considered good	2,66,06,430	1,84,02,296
Unsecured, considered doubtful	-	9,52,650
Provision for doubtful advances	-	(9,52,650)
Sub-total (A)	<u>2,66,06,430</u>	<u>1,84,02,296</u>
<b>Security deposit</b>		
Unsecured, considered good	27,000	25,000
Sub-total (B)	<u>27,000</u>	<u>25,000</u>
<b>Advances recoverable in cash or kind</b>		
Unsecured, considered good	1,92,23,794	11,98,559
Unsecured, considered doubtful	-	50,00,000
Provision for doubtful advances	-	(50,00,000)
Sub-total (C)	<u>1,92,23,794</u>	<u>11,98,559</u>
<b>Other loans and advances</b>		
Considered good		
Income taxes recoverable (net of provisions)	95,70,215	90,02,439
Advance to employees	-	22,000
Balances with Statutory authorities (Service Tax)	6,44,05,822	5,77,03,887
Sub-total (D)	<u>7,39,76,037</u>	<u>6,67,28,326</u>
<b>As per Balance Sheet (A+B+C+D)</b>	<b><u>11,98,33,261</u></b>	<b><u>8,63,54,181</u></b>
<b>18 Other Current Assets</b>		
Unsecured, considered good		
Interest accrued on fixed deposits with banks	95,57,316	8,28,918
Other receivables from members on account of penalty charges levied	4,09,975	4,09,975
Less: Payables accrued but not due to be transferred to Investor Protection Fund on account of penalty charges uncollected from Members	(4,09,975)	(4,09,975)
Prepaid expenses	10,39,510	29,68,375
<b>As per Balance Sheet</b>	<b><u>1,05,96,826</u></b>	<b><u>37,97,293</u></b>

**Indian Commodity Exchange Limited**

**Notes forming part of financial statements for the year ended March 31, 2017**

	<b>For the year ended March 31, 2017 Amount (₹)</b>	<b>For the year ended March 31, 2016 Amount (₹)</b>
<b>19 Revenue From Operations</b>		
Membership admission fee	1,29,98,697	-
Other membership fee	25,000	40,870
<b>As per Statement of Profit and Loss</b>	<b>1,30,23,697</b>	<b>40,870</b>
<b>20 Other Income</b>		
Interest income on bank deposits	2,16,89,147	58,11,949
Less: Transferred to SGF (Gross)	<u>(34,68,071)</u>	
Provisions no longer required written back	9,54,494	12,02,484
Dividend income on current investments	20,15,415	57,830
Less: Transferred to SGF (Gross)	<u>(27,734)</u>	
Income from penalty charges	3,005	7,500
Profit on redemption of units of mutual fund	87,67,257	-
Miscellaneous income	82,413	15,557
Interest on income tax refund	99,999	-
<b>As per Statement of Profit and Loss</b>	<b>3,01,15,925</b>	<b>70,95,320</b>
<b>21 Operating Costs</b>		
Information technology support expenses	3,66,68,899	3,12,56,153
Networking / leased line expenses	22,21,235	8,51,242
Subscription charges	72,152	2,32,609
Contribution to Investor Protection Fund	3,25,00,000	-
<b>As per Statement of Profit and Loss</b>	<b>7,14,62,286</b>	<b>3,23,40,004</b>
<b>22 Employee Benefit Expenses</b>		
Salaries, wages and bonus	6,27,55,584	2,40,44,916
Contribution to provident and other fund	17,25,621	51,752
Gratuity and compensated absences expenses	23,32,316	4,22,936
Staff welfare expenses	17,01,427	4,90,360
<b>As per Statement of Profit and Loss</b>	<b>6,85,14,948</b>	<b>2,50,09,964</b>
<b>23 Financial Costs</b>	96,859	8,716
<b>As per Statement of Profit and Loss</b>	<b>96,859</b>	<b>8,716</b>
<b>24 Other Expenses</b>		
Advertisement and business promotion expenses	48,18,144	20,35,000
Travelling and conveyance expenses	30,21,563	9,18,637
Repairs and Maintenance	1,19,95,710	58,29,500
Professional charges	50,06,025	38,73,334
Lease rentals	47,37,100	26,63,750
Rates and taxes	85,89,546	15,64,989
Printing and stationery	42,34,112	6,23,893
Communication expenses	7,71,002	2,21,799
Electricity expenses	13,47,461	32,519
Director's sitting fees	7,00,000	2,00,000
Insurance	4,77,807	5,20,586
Bad debts	59,52,650	-
Less : Provision of bad debts	<u>(59,52,650)</u>	-
Postage and courier	89,074	78,631
Miscellaneous write off	-	58,369
Auditor's Remuneration		
Statutory audit	3,30,000	3,30,000
Certifications	40,000	15,000
Miscellaneous expenses	14,129	1,37,952
<b>As per Statement of Profit and Loss</b>	<b>4,61,71,673</b>	<b>1,91,03,959</b>

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at and for the year ended March 31, 2017

- 25 During the current year, the Exchange has been operating in dormant mode without any major operating revenue. SEBI has given 'In- principle approval' to re-start the Exchange. The Exchange has received approval to launch Diamond, Light Sweet and Brent Crude Oil futures contracts. The office and technology infrastructure set-up are in place.
- 26 Disclosures in respect of Accounting Standard – 18 Related Party Disclosures notified under the Companies (Accounting Standards) Rules, 2006, as amended:

#### Nature of relationship with Related Parties

(a) **Related parties exercising significant influence :**

Reliance Exchangenext Limited

(b) **Key Managerial Personnel -**

Mr. Sanjit Prasad - Managing Director and Chief Executive Officer (MD & CEO) (with effect from September 01, 2016)

Mr. Ghanashyam Rao - Chief Financial Officer (CFO)

Mr. Ranjit Samantaray - Company Secretary (CS) (up to July 23, 2016)

Mr. Ameya Paranjape - Company Secretary (CS) (with effect from July 23, 2016)

(c) **Significant Transactions with Related Parties:**

(Amount in ₹)

Nature of Transaction	Current Year	Current Year	Previous Year
	Key Managerial Personnel	Related parties exercising control/ significant influence	
Remuneration to Key Managerial Personnel ( Included under the head employee benefit expenses, Note -22 )	1,37,25,585	-	51,56,154
Share Application Money Received	-	22,10,00,000	13,00,00,000
3,51,00,000 Equity Shares allotted of face value ₹ 5 each @ ₹ 10 each	-	35,10,00,000	-
<b>Balance Outstanding as at Balance Sheet Date</b>		NIL	NIL

(d) **Statement of Material Transactions:**

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which the relationship existed. Related party relationships as given above are as identified by the Company and relied upon by the auditors.

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at and for the year ended March 31, 2017

#### 27 Employee benefit obligations (Gratuity and Compensated Absences) :

(a) Defined Contribution Plans:

The Company's contribution amounting to ₹ 735,122/- (Previous year ₹ 48,199/-) to defined contribution plan (Provident Fund) is recognized as expenses in the Statement of Profit and Loss for the year ended March 31, 2017.

(b) Disclosures in respect of Employee Benefits in accordance with Accounting Standard 15 (AS 15) (Revised 2005) – Employee Benefits as notified under the Companies (Accounting Standards) Rules, 2006, as amended:

Provisions for unfunded gratuity and compensated absences for all eligible employees are based upon actuarial valuation conducted yearly by an independent actuary. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions during the year ended March 31, 2017, have been accounted for in the Statement of Profit and Loss.

The table below provides disclosures in respect of gratuity and compensated absences in accordance with AS 15: -

(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Reconciliation of liability recognized in the Balance Sheet				
Present value of commitment (as per actuarial valuation)	15,92,646	13,49,263	4,14,873	1,97,059
Net liability in the Balance Sheet (Actual)	15,92,646	13,49,263	4,14,873	1,97,059
Movement in the net liability recognized in the Balance Sheet				
Net liability as at beginning of year	4,14,873	1,97,059	5,42,425	3,41,968
Net expenses recognized in the Statement of Profit and Loss	11,77,773	11,54,543	3,24,611	98,325
Contributions during the year	-	-	-	-
Benefits paid	-	(2,339)	(4,52,163)	(2,43,234)
Net liability as at end of the year / year	15,92,646	13,49,263	4,14,873	1,97,059
Expenses recognized in the Statement of Profit				
Current service cost	11,25,886	10,41,055	2,83,989	1,64,388
Interest cost	33,190	15,765	43,394	27,357
Expected return on plan assets	-	-	-	-
Actuarial (gains) / losses	18,697	97,723	(2,772)	(93,420)
Expenses charged to the Statement of Profit and	11,77,773	11,54,543	3,24,611	98,325
Reconciliation of defined-benefits commitments				
Commitments as at beginning of year	4,14,873	1,97,059	5,42,425	3,41,968
Current service cost	11,25,886	10,41,055	2,83,989	1,64,388
Interest cost	33,190	15,765	43,394	27,357
Paid benefits	-	(2,339)	(4,52,163)	(2,43,234)
Actuarial (gains) / losses	18,697	97,723	(2,772)	(93,420)
Commitments as at end of year	15,92,646	13,49,263	4,14,873	1,97,059

**27 Employee benefit obligations (Continued)**

The actuarial valuation to determine commitments and expenses in respect of gratuity and compensated absences is based on the following assumptions which if changed, would affect the commitment's size, funding requirement and expenses: -

	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.54%	8.00%
Expected return on plan assets	NA	NA
Expected rate of salary increase	6.00%	6.00%
Mortality Table	IALM (2006 - 08)	IALM (2006 - 08)

(Amount in ₹)

Gratuity (Unfunded)					
Experience adjustment:	2016-17	2015-16	2014-15	2013-14	2012-13
On plan liabilities Gain/(Loss)	72,693	2,772	4,75,514	10,88,351	1,43,957
On plan assets Gain/ (Loss)	-	-	-	-	-
Present value of benefit obligations	15,92,646	4,14,873	5,42,425	9,37,322	17,91,719
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligations	(15,92,646)	(4,14,873)	(5,42,425)	(9,37,322)	(17,91,719)

(Amount in ₹)

Compensated absences (Unfunded)					
Experience adjustment:	2016-17	2015-16	2014-15	2013-14	2012-13
On plan liabilities Gain/(Loss)	(97,723)	93,420	31,698	4,32,835	21,066
On plan assets Gain/ (Loss)	-	-	-	-	-
Present value of benefit obligations	13,49,263	1,97,059	3,41,968	4,58,369	9,56,527
Fair value of plan assets	-	-	-	-	-
Excess of (obligation over plan assets) / plan assets over obligations	(13,49,263)	(1,97,059)	(9,56,527)	(8,10,380)	(6,30,232)

The employer's best estimate of contributions expected to be paid during the annual period beginning after the Balance Sheet date, towards Gratuity and Compensated absences is ₹ 16,12,337 (Previous year ₹ 10,44,772) and ₹ 3,47,361 (Previous year: ₹ 1,15,710) respectively.

**28 Capital and other commitments:**

There are following capital and other commitment pending as at the end of the year.

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Estimated amount of Capital Commitments (Net of capital advances)	3,27,68,670	-

**29 Contingent liabilities**

Contingent liabilities as at March 31, 2017 - Nil (Previous year : Nil).

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at and for the year ended March 31, 2017

#### 30 Segment Reporting

The Company operates in one reportable business segment namely - "Commodity Exchange" and one reportable geographical segment, i.e., within India. Hence, no separate information for segment disclosures is required in respect of reportable segments under Accounting Standard (AS) 17 - Segment Reporting, as notified under The Companies (Accounting Standards) Rules, 2006 as amended, other than those already provided in the financial statements.

#### 31 Leases

The Company has taken office premises on operating lease under lease arrangements. Rent expenses of ₹ 47,37,100/- (Previous year : ₹ 26,63,750/-) in respect of the same have been charged to the Statement of Profit and Loss for the year ended March 31, 2017. The minimum lease rentals in respect of such leases are as under: -

Particulars	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
Not later than one year	49,92,027	44,68,800
Later than one year but not later five years	1,42,86,692	1,76,72,242
Later than five years	-	-

#### 32 Earnings per Share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/(Loss) available for equity Shareholders (₹)	(14,85,84,321)	(7,45,63,103)
Weighted average number of Shares used in computing Basic and Diluted earnings per share	25,46,30,137	20,00,00,000
Face/Nominal Value of equity Shares - (₹)	5	5
Basic Earnings Per Share - (₹)	(0.58)	(0.37)
Diluted Earnings Per Share - (₹)	(0.58)	(0.37)

#### 33 Provisions, Contingent Liabilities and Contingent Assets

As per the best estimate of the management, no provision is required to be made as per Accounting Standard – 29 'Provisions, Contingent Liabilities and Contingent Assets' notified under the Companies (Accounting Standards) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

#### 34 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Disclosure required under section 22 of the Micro, Small and medium Enterprises Development Act, 2006 -

There were no payments of principal and interest due thereon payable to Micro, Small and Medium enterprises as at March 31, 2017. The Company has not received any intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises.

## Indian Commodity Exchange Limited

Notes forming part of financial statements as at and for the year ended March 31, 2017

### 35 Managerial Remuneration under Section 197 of the Companies Act, 2013 -

Remuneration has been paid / is payable to directors during the year ended March 31, 2017

(Amount in ₹)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Managing Director's remuneration	58,33,333	-
Sitting fee to other Directors	7,00,000	2,00,000

### 36 Expenditure incurred in foreign currency & foreign exchange gain or loss:

#### (a) Foreign currency

(Amount in ₹)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Information Technology Support Expenses	2,58,32,894	2,69,97,255
Foregin Travelling Expenses	3,41,927	-

#### (b) Foreign Exchange fluctuation gain/ (loss)

(Amount in ₹)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Foreign Exchange fluctuation gain included in miscellaneous income	51,074	-

37 The Company has not entered into any derivative instruments during the year. There were no foreign currency exposures as at March 31, 2017 (Previous year: Nil).

### 38 Current Taxation

(a) No provision is made for current tax in view of losses incurred by the Company during the year (Previous year: Nil)

#### (b) Deferred Tax

(Amount in ₹)

Particulars	Current year	Previous year
<b>Deferred Tax Assets</b>		
Arising on account of temporary differences due to:		
Depreciation / Amortization	(59,66,133)	(68,70,521)
Arising on account of temporary differences due to:		
Provision for employee benifites	9,70,830	1,29,375
Provision for doubtful debtors & others	64,44,539	60,37,904
brought forwarded income tax lossed	28,61,15,501	25,19,63,123
<b>Total</b>	<b>28,75,64,737</b>	<b>25,12,59,881</b>

The above deferred tax assets has not been recognised due to the reason of virtual certainty considering prudence, during the year ended March 31, 2017, in accordance with the recommendations of Accounting Standard -22 Accounting for taxes on Income (Previous year - Nil)

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at and for the year ended March 31, 2017

- 39 In terms of the revised guidelines for Investor Protection Fund (“Guidelines”) dated September 26, 2016, vide circular number SEBI/HO/CDMRD/DEICE/CIR/P/2016/94 as issued by SEBI, the Company is required to create an Investor Protection Fund (“IPF”) with the objective of protection of investors’ funds from default risk of any member of the Exchange. The IPF will be administered by way of a Trust constituted for this purpose. Accordingly:

As per the instruction received from SEBI, the Exchange had to have a balance of ₹ 5.00 crores in IPF and hence the Exchange contributed ₹ 3.25 crores to add up to its existing fund balance of ₹ 1.75 crores. The Exchange has deposited ₹ 42,709 in a designated bank account towards the IPF against penalty collected during the year ended March 31, 2017. As at March 31, 2017, Nil (Previous year : ₹ 15,660) was the balance transferable to the designated bank account.

A Summary of the movement in the IPF designated bank account is provided below:

	As at March 31, 2017	Amount (₹) As at March 31, 2016
Opening balance	1,69,83,686	1,58,70,916
Amount transferred during the year	27,051	84,545
One time Exchange contribution	3,25,00,000	-
Amount of income credited during the year (Net of TDS)	12,72,707	10,28,225
Utilization during the year for permissible activities relating to IPF	(51,463)	-
Closing balance*	5,07,31,981	1,69,83,686

\* Includes amount held in earmarked fixed deposits and mutual fund - ₹ 5,06,60,000 (Previous year : ₹ 1,69,65,000)

The Exchange is in the process of registration of the Trust to administer the IPF. Once the said Trust is registered, the funds in the designated bank account and earmarked fixed deposits and mutual funds shall be transferred from the books of account of the Company to the Trust account.

- 40 (a) In respect of a case filed by the Registrar of Companies against the Company in a Delhi Court of Law in the matter of non-compliance with the appointment of woman director u/s 172 of the Companies Act, 2013, read with Rule 3 of Companies (Appointment & Qualification of Directors) Rules 2014, the Board of Directors on nomination by Securities Exchange Board of India (‘SEBI’) appointed Mrs. D. Vijayalakshmi as a Public Interested Director on the Board of the Exchange w.e.f. June 13, 2016.

(b) The Exchange had also requested for compounding the said offence u/s 441 of the Companies Act, 2013 and the order of Regional Director compounding the offence was filed with the Ministry of Company Affairs. The Regional Director had imposed a compounding fee of ₹ 1,00,000 and ₹ 50,000 on the Exchange and a Director respectively.

The Exchange has filed application along with the order of the Regional Director with the honorable TIS Hazari Court to bring on record that the compliance of section 149(1) of Companies Act, 2013 has been made and the matter stands compounded. The said application and documents have been taken on record and the matter is now listed for filing signed copy of the application along with affidavit.

(c) The Exchange received a show cause notice dated February 3, 2017 from Registrar of Companies, Delhi & Haryana with respect to section 12(8) of the Companies Act, 2013 for non-receipt of letter from Regional Director at the registered office in Delhi. The Exchange had immediately replied to Registrar of Companies, Delhi & Haryana vide its letter dated February 16, 2017.

- 41 Considering the class of the assets and their age and the future utility, the Exchange is of the opinion that there is no material impairment in the fixed assets of the Company as at the close of the year, within the preview of Accounting Standard - 28, Impairment of Assets.

## Indian Commodity Exchange Limited

### Notes forming part of financial statements as at and for the year ended March 31, 2017

- 42 During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	Amount (₹)		
	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	2,500	1,467	3,967
Amount (deposited in) / withdrawal from Banks	(2,500)	26,900	24,400
Permitted receipts	-	-	-
(Permitted payments)	-	(15,170)	(15,170)
Closing cash in hand as on December 30, 2016	-	13,197	13,197

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

- 43 A provision of ₹ 1,55,14,075 (Previous year: ₹ 1,55,14,075 ) exists in the Company's books towards refund of admission fees pertaining to fees taken from members in respect of earlier periods.
- 44 In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2017 have a value on realization in the ordinary course of the Company's business at least equal to the amount at which they are stated in the Balance Sheet and no further provision is required to be made against the recoverability of these balances, other than already created in the financial statements.
- 45 Previous year's figures have been regrouped / reclassified to confirm to the current year's classification.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S M M P & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

Sd/-

**Chintan Shah**  
Partner  
Membership No. 166729  
Mumbai , April 22, 2017

**For and on behalf of the Board of Directors  
of Indian Commodity Exchange Limited**

Sd/-  
**Ashok Sinha**  
Chairman  
DIN:00299600  
Mumbai , April 22, 2017

Sd/-  
**Sanjit Prasad**  
Managing Director and  
Chief Executive Officer  
DIN: 03304097  
Mumbai , April 22, 2017

Sd/-  
**Ghanashyam V. Rao**  
Chief Financial Officer  
Mumbai , April 22, 2017

Sd/-  
**Ameya Paranjape**  
Company Secretary  
Mumbai , April 22, 2017